

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



SEPTEMBER 1956



Foreign Relations with a Country Bank Flavor (pages 3 and 50)

Opportunity Lives in Banking (pages 65-88)



Daddy won't be with them... ever but a progressive bank saved their home!

Yes, it takes more than a big chair to keep little children safe.

Progressive banks throughout the country are helping to secure the future for America's children with Federal's Mortgage Redemption Plan.

It protects you and your customers . . . strengthens your community relations program. Its low, low cost is simply added to the monthly mortgage payment.

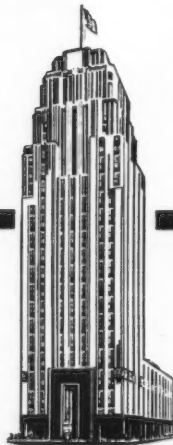
Write Today for complete information about Federal's streamlined Mortgage Redemption Plan.

FEDERAL

LIFE and CASUALTY COMPANY

Federal Offers You:

A Custom Designed Plan based on careful study of your operations.
Proven Customer Appeal. Simplified Streamlined Procedure.
Complete Flexibility including Health and Accident Coverage.
Prompt Service. All Promotional Aids. HIGHEST RATINGS.
See Best's and Dunne's For Reasons Why Federal Enjoys
Their Unqualified Recommendation.



**COMPLETE CREDIT LIFE & DISABILITY PLANS ALSO AVAILABLE
FOR YOUR INSTALLMENT LOAN
DEPARTMENT**

**PERSONAL PROTECTION
SINCE 1906**

JOHN H. CARTON
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WOLVERINE-FEDERAL TOWER, BATTLE CREEK, MICHIGAN • REGIONAL SERVICE OFFICES FROM COAST TO COAST

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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THE FAMILY DOLLAR

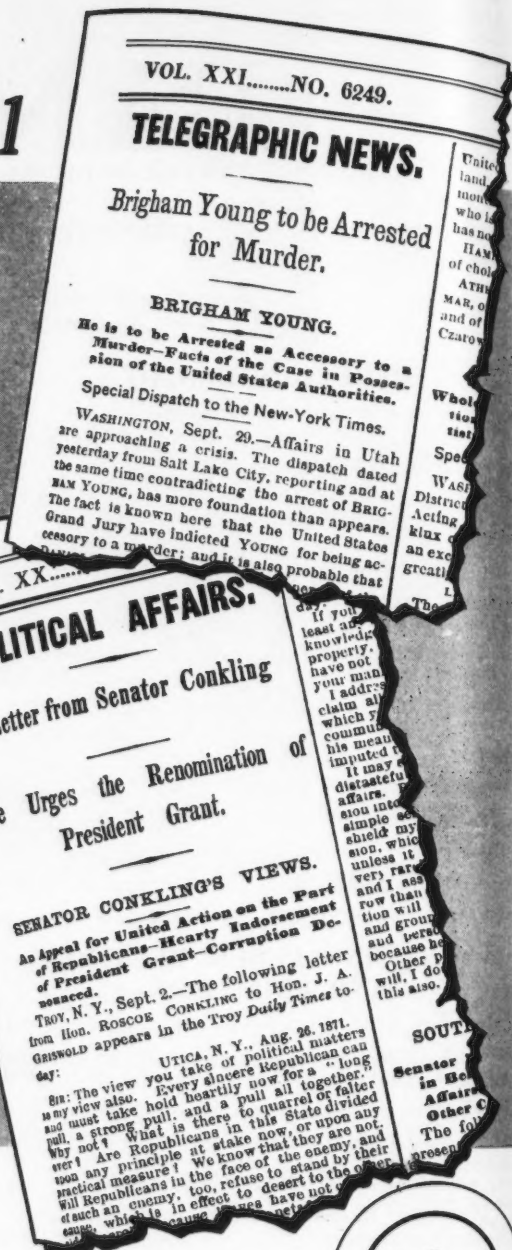
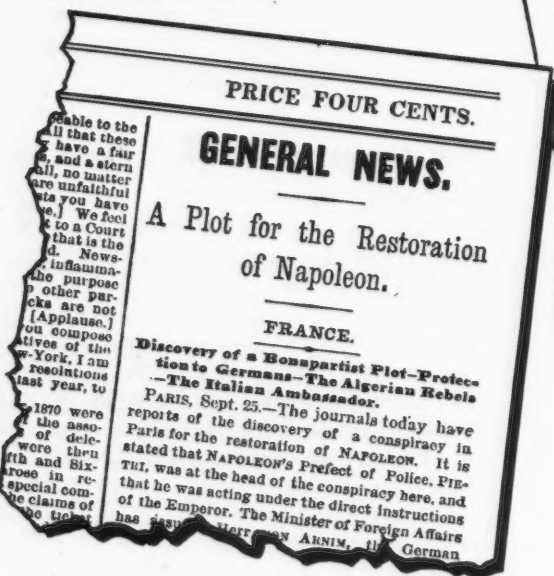
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HEADLINE NEWS in September, 1871

... the year La Monte introduced the first practical safety paper for checks

Years ago, one headline should have featured "Tamper-proof Checks Now Practical!" Truly, George La Monte's invention of the first practical safety paper has profoundly affected the field of financial transactions . . . and through it our daily lives. Today thousands of business dealings are speeded and simplified enormously through the convenience of checks. And now, as for decades, a majority of the nation's leading banks choose La Monte Safety Paper for their checks . . . first in quality . . . first in protection . . . first in service.



Clippings from
NEW YORK TIMES
September, 1871

• Ask your lithographer to show you samples . . . or we will gladly send them direct.

THE WAVY LINES ® ARE
A LA MONTE TRADE-MARK



GEORGE LA MONTE & SON, NUTLEY 10, NEW JERSEY

Just a Minute

100,000 Students

THIS September issue contains 24 pages devoted to banking education, an activity that now directly concerns, it's estimated, some 100,000 banker-students.

"Opportunity Lives in Banking," which starts on page 50, sketches 10 educational programs sponsored by organizations of bankers. There is also an outline of the state association courses and conferences that have as their common purpose the making of better bankers.

A valuable part of the section is the report on a short questionnaire we sent to leading schools of business, requesting information and opinions on the current status of education for banking.

We hope the section will be useful for reference, particularly in making readily available to young people facts about the exceptionally fine opportunities this great profession offers those who want to "get ahead."

To facilitate distribution beyond our immediate readership, we'll be glad to supply reprints at a nominal charge.

October

BANKING for October will be the annual Preconvention Outlook Issue. This is the curtain-raiser for the meeting of the American Bankers Association, which this year takes place at Los Angeles, October 21-24 under the presidency of Fred F. Florence, president of the Republic National Bank of Dallas.



"Excuse me just a minute, please"

In accordance with custom, next month's magazine will present competent authorities' views on what's ahead for business—particularly the banking business. There will also be a special section on the Association's 82nd convention, including a list of advance registrants.

The Director Articles

A BANK librarian on the West Coast, asking whether we plan to reprint Herbert Bratter's series on

THIS MONTH'S COVER

This month we have on page 50 an article, with pictures, that describes a unique event combining international relations and banker-farmer teamwork. Four of the participants in this program, which took place in Ohio, are shown on the cover. They are, left to right, Gershon Kaddar of Israel; A. J. Olli of Indonesia; former A.B.A. President Everett D. Reese, who is chairman of The Park National Bank of Newark, Ohio; and Demir Iryiboz of Turkey



BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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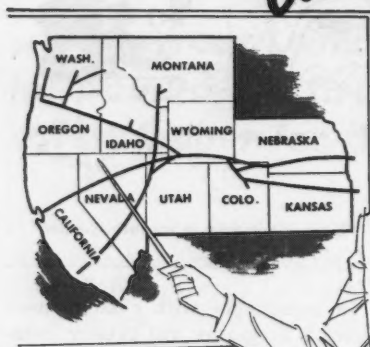


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Any Questions?



May we help you in selecting a plant location?

In our Omaha headquarters we have accumulated a vast amount of factual information covering the eleven western states served by Union Pacific.

This information is kept up to date through day-by-day contacts with our traffic representatives located in cities and towns throughout that area.

So, if you are planning to build a plant for warehousing, distribution, assembly, or what not, in the growing West, it is quite possible that we can help you in selecting a location that will meet your requirements.

For confidential information, ask your nearest U. P. representative to call on you, or contact—

INDUSTRIAL DEVELOPMENT DEPARTMENT • UNION PACIFIC RAILROAD
Room 381, Omaha 2, Nebraska

UNION PACIFIC RAILROAD



"You can repay your loan in 24 easy payments or six hard ones"

the responsibilities of bank directors, says:

"We have found it one of the best discussions of the subject we have seen and would very much like to have it as a sort of handbook."

Yes, we do plan to reprint the articles, as soon as the last one has been published early next year.

Many readers have praised the series. Hope you're reading it, too!

Convenient Hours Help Build Business

THE Nassau County (N. Y.) Clearing House Association, in a survey of banking hours, discovered that of the 83 offices in the county 26 were open for business prior to 9 A. M. and 61 had special hours at least one evening a week.

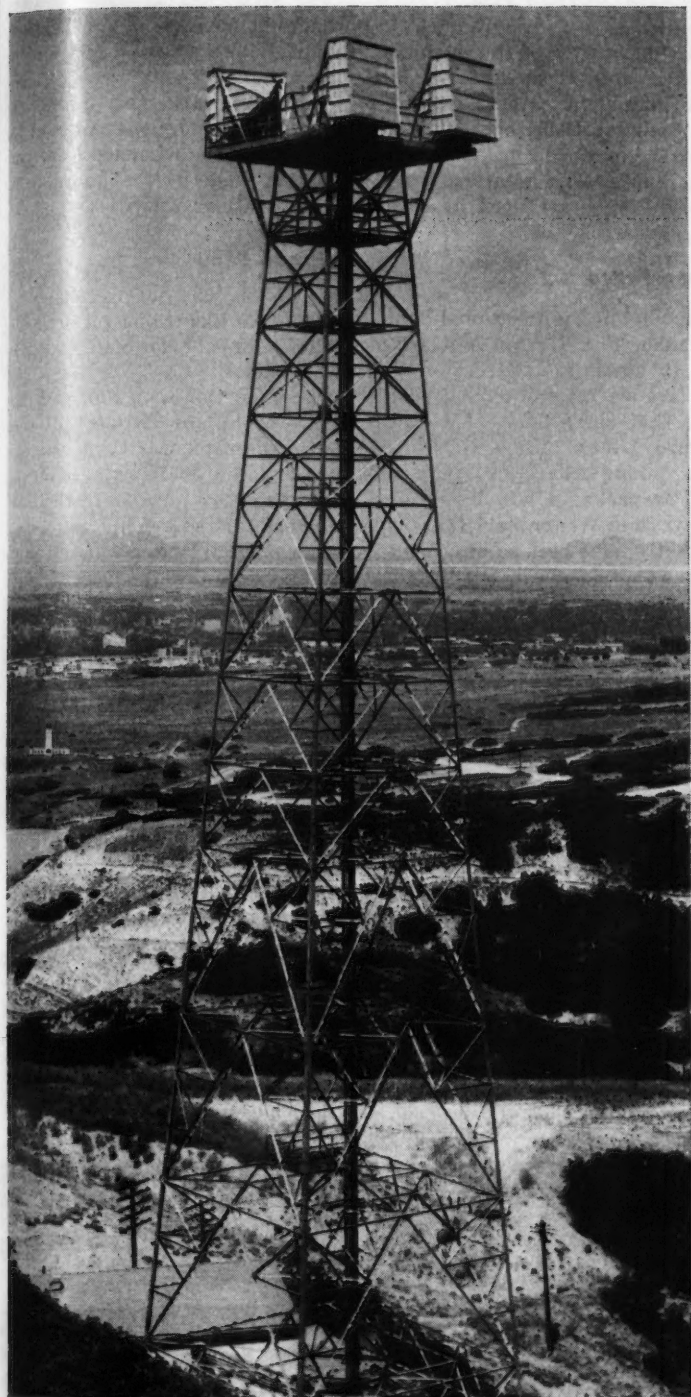
"Bankers who have studied the situation attribute the tremendous growth of the Nassau County banks (deposits have tripled in the past 10 years and the number of savings depositors are now equivalent to 47% of the population) to their willingness to meet public needs, even though it may mean long and supposedly unorthodox banking hours," said the association.

In each area, it added, the banks have studied customer needs and traffic flows, adjusting their hours of business accordingly. In fact, there are at least 25 variations designed to meet varying requirements of the banking public.

"For example, one banking office adjoining a large commuting center

(CONTINUED ON PAGE 6)

BANKING



TV programs are flashed from tower to tower by microwaves

This tall tower at Salt Lake City, Utah, is part of the Bell System network that carries color TV, as well as black and white, from city to city. The nationwide Bell System TV network is manned by 1000

trained craftsmen with specially designed equipment. Day and night, they help to maintain the quality and efficiency of TV transmission over more than 73,000 channel miles of wire, cable and radio relay.

WE'RE SENDING **COLOR** THROUGH THE AIR

Bell System networks can now
carry color TV to 190
broadcasting stations in 134 cities

Marching right along with progress in color TV—and helping to make it possible—is the Bell System.

As the needs of broadcasters and the public have increased, we have provided more and more of our facilities with the special, more intricate equipment needed to transmit color TV.

This country-wide network, linking 190 broadcasting stations in 134 cities, is already capable of bringing color TV within range of millions of people.

The Bell System provides service not only for the transmission of network programs but for the transmission of special programs over closed circuits. There's a growing use of this service by theaters, hospitals, hotels and many businesses.

It adds up to a lot of moving ahead and new areas of opportunity for the telephone company.



THIS BELL SYSTEM NETWORK is equipped to bring color TV, as well as black and white, within reach of millions of people.

BELL TELEPHONE SYSTEM



Top Management's Need

... for sound credit and financial management in competitive markets cannot be overstated. Speed and certainty in reaching right decisions are essential. Failure to spot key points loses sales, costs time and results in bad debts.

Yet management has little time to train new staff members . . . to help those to be given added responsibilities . . . to refresh experienced employees. NCO's Correspondence Course in *Credit Analysis* fills that need.

In 1955-'56 over 1000 men and women enrolled in NCO's Course to learn more about the complex fields of finance . . . credit . . . management . . . personnel development. More than 200 banks throughout the U. S. have had 629 members of their staffs complete the Correspondence Course in the past four years.

A Sample Question

from the Course . . .

You are a creditor of Thomas Corp., which is purchasing the assets of Ames Co. List four ways in which Thomas Corp. can finance that purchase. As a creditor, which of the four ways would you prefer?

The Fall '56 Course starts in October, runs for six months, costs \$60 including 375 page text. Just write for booklet outlining contents, methods, faculty. No obligation, of course.



National Credit Office, INC.

2 PARK AVE. • NEW YORK 16
Specialists in credit since 1900

Mail this coupon today—

ATTN: P. R. ELMER, Vice Pres.
Send me your booklet *Credit Analysis*

Name _____

Company _____

Address _____

(CONTINUED FROM PAGE 4)

opens regularly at 7:30 in the morning and is open from 6 to 8 P.M. every Friday night. Others, depending on their locations, open at 8 or 8:30 A.M., and also have special evening hours. The great majority of offices—74%—are open at least one night a week."

Lost and Found

A GUARD in The First National Bank at Orlando, Florida, restored \$22,487.91 to absent-minded customers in the first six months of this year, reports that city's *Sentinel Star*.

Edward Lane's duties, it seems, include taking charge of money, checks or packages left by people who, says Staff Writer Mary Del Var, "apparently have been so busy making plans for their own share in Orlando's glowing future they've been dropping their wallets, cash, handbags, and whatnot all over the place.

"Lane says he learned long ago how to go about restoring lost property—especially cash—to its proper owners. He does not just step up to the nearest person and inquire if he forgot his money, but looks for his chance to take custody of the money quietly and tucks it away in the bank's lost and found until someone who is able to name the exact amount asks for it."

Of the money carelessly left at the bank in the first half of this year, \$21,981.91 was in endorsed checks.

The First tells us that the story brought numerous congratulations to Mr. Lane and the bank for the "lost and found" service.

There was also this angle: the bank, by providing the material for the article, thus recognized the contribution made by the guard to its public relations activities.

Railroad Show in Bank

FOLKS who like trains got an eyeful in THE FIRST NATIONAL BANK OF SAINT PAUL.

In conjunction with Railroad Day, sponsored by the chamber of commerce, the bank was the scene of a huge railroad exhibit staged by the Great Northern in honor of the line's founder, James J. Hill.

The main attraction was the model railroad set up on the banking floor. It was 18 by 24 feet—complete with lakes, rivers, waterfalls, mountains, prairies. The trains were copies of two famous Great Northerns built to 1/87th actual size.

Smaller exhibits dramatized the rise of St. Paul as a city of commerce and railroad center, having 90 passenger train and 156 freight arrivals and departures daily.

Importancia de las Relaciones Publicas en un Banco

THAT's the title of the American Bankers Association's manual "Customer Relations . . . A Guide to Staff

(CONTINUED ON PAGE 11)

John M. Budd, president, Great Northern Railway, and Philip H. Nason, president, The First National Bank of Saint Paul, start the model trains to open the railroad exhibit in the bank's lobby



BANKING

you can bank more dollars in less space...

You can use practically all of your banking floor for customer service with a GPL BANK TV System. As this photo of new Rockefeller Center office of The New York Savings Bank shows, with GPL BANK TV it is not necessary to clutter your costly floor space with records. You can store them elsewhere in low cost space—because GPL's closed-circuit TV system keeps them instantly available for visual checking.



...give depositors speedier service

Waiting time for customers is cut in half with GPL BANK TV. All teller has to do to look at a record is to ask for it via inter-com; in seconds it appears on the GPL bank monitor built into her counter. This fast reference service makes GPL BANK TV invaluable at drive-in windows.

GPL BANK TV camera is shown at right, mounted for record scanning.



...with **GPL BANK TV**

With the clear, sharp pictures of the GPL TV camera, record verification is positive. The system is built to the same high standards for which GPL broadcast, military and industrial television equipment is noted.

GPL BANK TV is moderate in cost,

simple to install, needs no technical staff to operate it. Easily carried, the five pound camera can be used anywhere—for after-hour staff meetings, conferences, training sessions.

Let us show you how a GPL BANK TV System can help your institution. Just write to:



GENERAL PRECISION LABORATORY INCORPORATED
PLEASANTVILLE, NEW YORK

A SUBSIDIARY OF GENERAL PRECISION EQUIPMENT CORPORATION



The advertisement at the right is part of a national campaign sponsored by the Kennecott Copper Corporation. Its purpose, and that of the other advertisements in the series, is to help make homeowners recognize the importance of full-powered copper wiring (and re-wiring) to the convenience, comfort and safety of their homes. Since most major wiring installations require financing, this campaign actually is of help to banks interested in the stimulation of home improvement loans. Furthermore, installation of adequate wiring increases the value of homes-under-mortgage. If you would like to promote such home improvement through adequate wiring in your own area, send for free reprints and poster-sized blow-ups of Kennecott's full-page national advertisements. Send, too, for free copies of the educational booklet, "The ABC of Home Wiring." Address Kennecott Copper Corporation, Dept. BK 96, 161 East 42nd St., New York 17, N. Y.

The best wiring is copper

This ad appears in:
This Week and Chicago
Tribune (Sunday
Magazines)
Aug. 26, '56



He makes slow work of do-it-yourself jobs!

Weak, undersized "Skimpy Wiring" actually holds back the electrical energy that gives muscle to motors. Don't expect new electric-drill bits or sharp circular-saw blades to speed your work if he is around. This current-stealing household pest can slow down and stall the finest power tools.

Find out how to rid your home of the many electrical ills symbolized by "Skimpy Wiring". Learn how easy it can be . . . how little it can cost . . . to give your home the full **HOUSEPOWER** of an up-to-date copper wiring system. Talk it over with your local power company or electrical contractor.

Get FREE Booklet! "The ABC of Home Wiring." It clearly explains important facts about your electricity and how you can make it serve you better. For your free copy, just write: Kennecott Copper Corporation, Department L96, Box 238, New York 46, New York.



Kennecott Copper Corporation

Fabricating Subsidiaries: Chase Brass & Copper Co. • Kennecott Wire and Cable Co.

General Mills' 28th year brings new record growth

The fiscal year 1955-56 was marked by new all-time achievements for General Mills Inc. Both sales and earnings broke all previous records.

Highlights from the annual report appear below. If you are interested in the full story of new record growth, we shall gladly send you the complete, illustrated report. Just write to the Department of Public Relations.

	1956	1955
Total Sales	\$516,052,804	\$513,651,149
Earnings	14,056,658	12,383,500
Dividends Paid	7,902,954	6,736,419
Common Dividend Paid per share	3.00	2.50
Net Earnings—per dollar of sales	2.7c	2.4c
—per share of common stock	5.68	5.02
Taxes per share of common stock	9.00	8.16
Land, buildings and equipment	70,336,360	65,289,183
Working capital	73,998,059	67,930,732
Stockholders' equity	131,456,892	123,156,558

General Mills, Inc.

Minneapolis 1, Minnesota

GENERAL MILLS believes that today's research is the key to tomorrow's success. As evidence of this conviction, the following different *new products* were introduced by eight different divisions of The Company during the past year:

GROCERY PRODUCTS

Betty Crocker Date Bar Mix • Betty Crocker Confetti Angel Food Cake Mix • Betty Crocker Chocolate Malt Cake Mix • Betty Crocker Peanut Delight Cake Mix • Betty Crocker Angel Fluff Frosting Mix.



GENERAL MILLS (CANADA) Ltd. PRODUCTS

Betty Crocker Vanilla Cookie Mix • Betty Crocker Oat 'n' Honey Cookie Mix • Betty Crocker Peanut Butter Cookie Mix



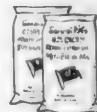
INSTITUTIONAL PRODUCTS

Chocolate Chip Cookie Mix • Basic (Sugar) Cookie Mix • Oat-N-Honey Cookie Mix • Corn Bread Mix



SOYBEAN PRODUCTS

General Mills 50% Protein Dehulled Soybean Oil Meal • General Mills Soybean Millfeed



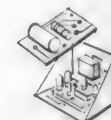
FEED PRODUCTS

Larro SureMilk 50 • Larro SureBeef 50 • Larro SureMilk Keto-Kurb • Larro SurePoult Pre-Starter • Larro SureStart



MECHANICAL PRODUCTS

Autofab Short Run Assembly Machine • Autofab Soldering Machine • General Mills Radar Tester



SPONGE PRODUCTS

O-Cel-O Plastifoam Bathing • O-Cel-O Plastifoam Car Washer • O-Cel-O Plastifoam Soap Dish



CHEMICAL PRODUCTS

Versamid 125 • Series of Fatty Acid Derivatives



A Word About Letter Writing

A recent issue of *The Royal Bank of Canada's* Monthly Letter offered a refreshing commentary, "On Writing Briefly." Here are some of its suggestions about letters:

Your letter will be well written if it fulfills these modest requirements: if it is effortless in appearance, showing no sign of strain in its composition; if it is untheatrical, making its points without needlessly sawing the air; if it is simple in its construction, making intelligible to the reader things that might be obscure; if its words fit your thoughts, not hanging like a giant's clothes on the limbs of a dwarf nor squeezing a man's frame into the clothes of a boy; and if all this is attained in the smallest space commensurate with the clear expression on what you have to say.

Extolling brevity, the author reminds that:

John Evelyn, the 17th century diary writer, told the story of Monmouth's rebellion in 68 lines, and he included all essentials and color. Homer condensed ten years of adventure into his epic *Odyssey*, and Aristotle made a digest of it in 79 words. Lincoln's address at Gettysburg used only 266 words. The Ten Commandments use 297. The United States Declaration of Independence has 300. By contrast, said Walter Winchell, the United States columnist, a U.S.A. order to reduce the price of cabbage uses 26,911 words.

(CONTINUED FROM PAGE 6)

Relations," in the Spanish translation by Javier Fernandez of Banco Popular del Peru, Lima.

Senor Fernandez, who visited the A.B.A. office this summer, is public relations officer of his bank. He's also an economist and a graduate of the University of Texas.

Where Men Were Men

THE Wells Fargo Bank of San Francisco has a History Room wherein are displayed many souvenirs of the Old West. Now there's an illustrated

"I need it because I just can't seem to hold a job"



booklet that highlights the exhibit, and visitors use it as a guide as they browse through the collection.

In effect, the pocket-size brochure is a brief history of an old institution. It's dedicated to the late G. W. Wickland, vice-president of the Wells Fargo Bank, "whose vision and efforts created the History Room."

The collection, which began as his hobby, covers the period from the discovery of gold through the San Francisco earthquake and fire. It also tells the story of "the oldest bank in the West," beginning with photos of those two famous expressmen from the East, Vermonter Henry Wells and New Yorker William G. Fargo. The pony express, Concord coach, treasure box, the Mother, and the Comstock Lodes—all are represented in the History Room. Wells Fargo records that escaped the disaster of 1906 and important books of western Americana are there too.

Bank, Battleship, Banking

A NEWS release from First National Bank of Arizona, Phoenix, called attention to BANKING's story "A Bank and a Battleship," published in the August instalment of our "Banks and People" department.

Noting that the bank's display of the silver service and ship's bell from the U.S.S. Arizona had re-

Ranking among all
U. S. Commercial Banks:

JUNE 30, 1949-78

JUNE 30, 1951-75

JUNE 30, 1953-70

JUNE 30, 1955-64

► JUNE 30, 1956-62

"Arizona's Bank"



39 Convenient Offices

RESOURCES \$413 MILLION

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

BANK TELLERS' MOBILE UNITS

Roll under counter—step on brake—ready for service—

Ideal for new branch offices! Add additional units as needed! No expensive installation costs!



Model I

2 Cash drawers, 10-compartment removable currency tray, both drawers with P.K. Locks, cupboard with removable shelf, combination lock on door.

12 STOCK MODELS

For your many banking needs

Write today for literature to department B
Bank Equipment

FENCO CORPORATION

121 Seventh Ave.

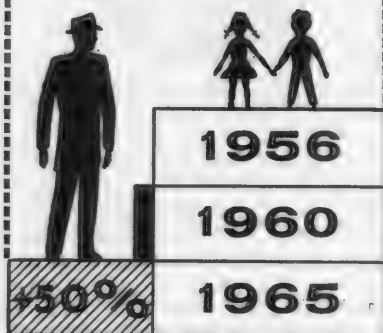
New York 11, N. Y.

a word to bankers on population trends

Today's planners are looking long and hard at current trends in our population. The growth of this country over the past 15 years points to an expansion ahead that will affect our whole economy—4, 10 and even 20 years hence.

Census experts foresee an increase in population of over 25 millions by 1965! But the most startling figures reveal an unusual age distribution. Those not yet 21 and the 60 plus oldsters will outnumber all others . . . almost 30% of the nation will be between 5 and 20 years old.

50% More New Adults Than in '56



1965's group of new "twenty-ones" will exceed the current crop by over 50%! Significantly, they will be the new wage earners, voters and consumers of products and services. Whether they know of your organization . . . its place and services to the community, will be answered NOW . . . not in ten years.

Financial institutions are well aware how SCHOOL THRIFT school savings build personal and public relations from "grass roots." Through SCHOOL THRIFT programs will come a parade of savings account holders . . . the customers for every service in the financial folio.

A successful system must stand on past records of performance. SCHOOL THRIFT takes pride in a record of 30 years' experience in the field . . . in serving more systems than all other combined.

REMEMBER . . . The time to install School Thrift Programs is NOW!

May we send you descriptive literature telling you how SCHOOL THRIFT programs work . . . how they can benefit you? Write Dept. B TODAY.

**SCHOOL
THRIFT**
INCORPORATED

326 South Broadway, Yonkers, N. Y.

ceived wide attention, the news article added:

"Most recent recognition comes in the form of a prominent article with pictures in the August issue of *BANKING*, one of America's outstanding financial publications."

The Boss Be Praised!

INSCRIBED on a desk set given to Jacob Leichtman, president of the Commercial State Bank and Trust Company, New York, are these words: "A gesture of our appreciation for your thoughtfulness in improving our working surroundings."

The sentiment and the gift are the bookkeeping department's, reflecting the boss's decision to put those employees, rather than the bank's 30 officers (as had been planned) in the air-conditioned new quarters adjoining the main office on lower Fifth Avenue.

Reporting the incident, *The New York Times* added: "The decision proved to be a sound one, not only in terms of a staff's morale, but in greater working efficiency and less absenteeism. In fact, one officer related enthusiastically that for three consecutive days last week there was no absenteeism. 'That's the first time that has happened since the bookkeeping department opened in 1937,' he remarked."

Dog Days

WHEN Duchess, a lost dog, trotted into the office of The Community Savings Bank, Rochester, N. Y., she

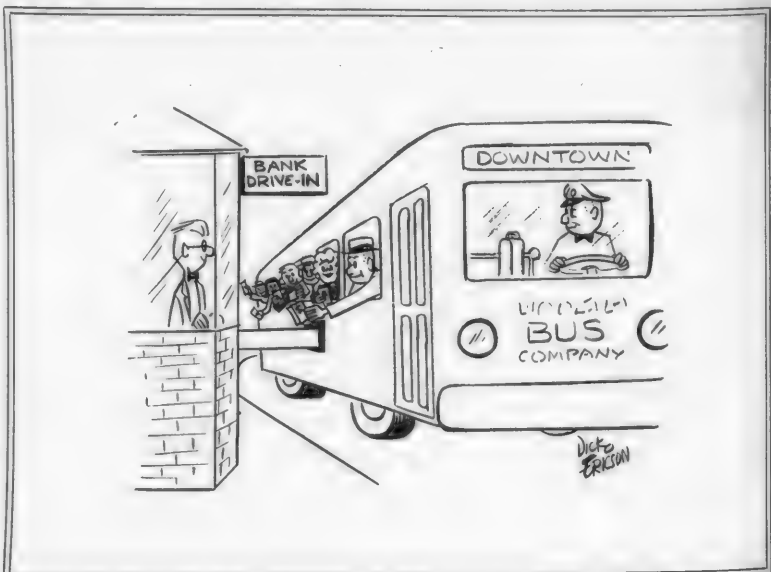
was reunited with her young master. The bank smiled and said, "Oh, think nothing of it. Part of the service."

"A few weeks later," says the institution's paper *Communique*, which printed a story and photo, "we blinked. Stretched out on the lobby floor was another dog-tired, lost dog."



"Now it's regular routine. Any dogs in the lobby at closing time? OK, check dog tag, call Dog License Bureau for owner's name, contact owner, feed, and pet dog until owner arrives."

"Since this service has caught on so splendidly, Community doggedly will continue it. What's puzzling is . . . have all dogs lost their senses of direction . . . or has the word been barked around the canine world that if you play dead in Community's lobby, your picture appears in the paper?" J. L. C.

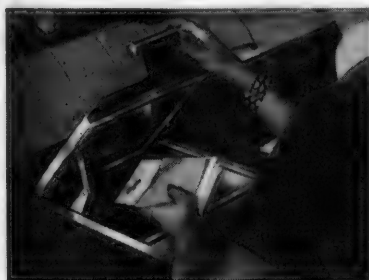


What 29 seconds in front of the new Mosler Picture Window will show you



1. Notice how customers seem attracted by the modern, open look of the Mosler Picture Window . . . how it seems to put them at ease. And note how obviously both customer and teller appreciate the convenience made possible by Mosler's ingenious deposit unit, which slips

out at the touch of a single push-button . . . and opens its own cover to allow straight-in access of customer's hand. This is the most easily accessible unit of its kind. Most wind-resistant and safe, too. No checks and money blowing away. No risk to customer's hand.



2. Note how cash stays in view of customer at all times during transaction. Lid of deposit unit is made of clear-view bullet-proof glass. It's counterbalanced for effortless operation. Keeps drafts out . . . yet allows customer to see everything that's going on. No chance of embarrassing errors!



3. Note how teller has 100% usable counter space inside window for change machines and other equipment. There is no space-wasting cut-away in the counter . . . no "angled-in" counters that leave tellers with skimpy work area. Two big cash drawers are located below counter for coins, bills, storage.



4. Note the completely new 2-way communications system which makes conversations possible in normal tones, while teller's hands are free at all times and vision is unobstructed. Microphone and speakers are above eye-level. Window has optional defrosters, too, which keep glass clear during winter.

Like to find out more reasons why the Mosler Picture Window is America's finest and most practical equipment for drive-in banking?
Mail coupon for brochure, today!

IF IT'S MOSLER . . . IT'S SAFE

The Mosler Safe Company Since 1848

World's largest builders of safes and bank vaults . . . Mosler built the U.S. Gold Storage Vaults at Fort Knox and the famous bank vaults that withstood the Atomic Bomb at Hiroshima

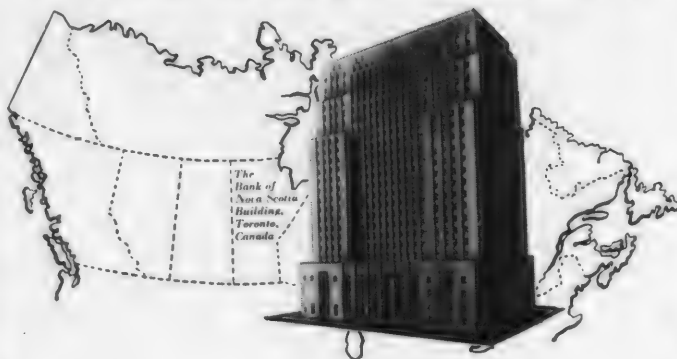


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Please send me your new full color brochure outlining all the features of Mosler Picture Windows For Drive-In Banking, as soon as possible.

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ADDRESS _____
CITY _____ ZONE _____ STATE _____

Canada offers you opportunity



**and here is the international bank
to help you
and your customers**

THE fastest growing nation in the world offers rich rewards to those whose seek them. Whether your clients are interested in mining, oil, gas, manufacture or trade, The Bank of Nova Scotia can help them.

With more than 480 branches in Canada, Great Britain, the U.S.A., and the West Indies, and with correspondents wherever men trade, The Bank of Nova Scotia is equipped to give you and your clients authoritative information and expert guidance on your banking and financial problems.

The BANK of NOVA SCOTIA

Your Partner in Helping Canada grow

General Offices: 44 King St. West, Toronto.
New York Office: 37 Wall St.
London Office: 108 Old Broad St.
Chicago Office: Board of Trade Building.
In Jamaica: Kingston and 16 other branches.
In Cuba: Havana and 7 other branches.

In Trinidad: Port of Spain.
In Bahamas: Nassau.
In Puerto Rico: San Juan, Fajardo and Santurco.
In Dominican Republic: Santiago de los Caballeros and Ciudad Trujillo.
And correspondents all over the world.

TV Audience Hears President Florence on NBC's "Today"

FRED F. Florence, president of the American Bankers Association, was interviewed about the banking business on the National Broadcasting Company's television network of 112 stations.

Mr. Florence, who is president of the Republic National Bank of Dallas, appeared on the Dave Garrow show "Today." His questioner was Frank Blair, the program's newscaster.

The audience, estimated at 8,000,000 persons, heard Mr. Florence speak about the opportunities for careers in banking and the closer relations between banks and their communities.



Mr. Florence, left, and Frank Blair

Several exterior and interior views of old and new bank buildings were shown by the station to emphasize the architectural changes of recent years.

The program was presented July 20.

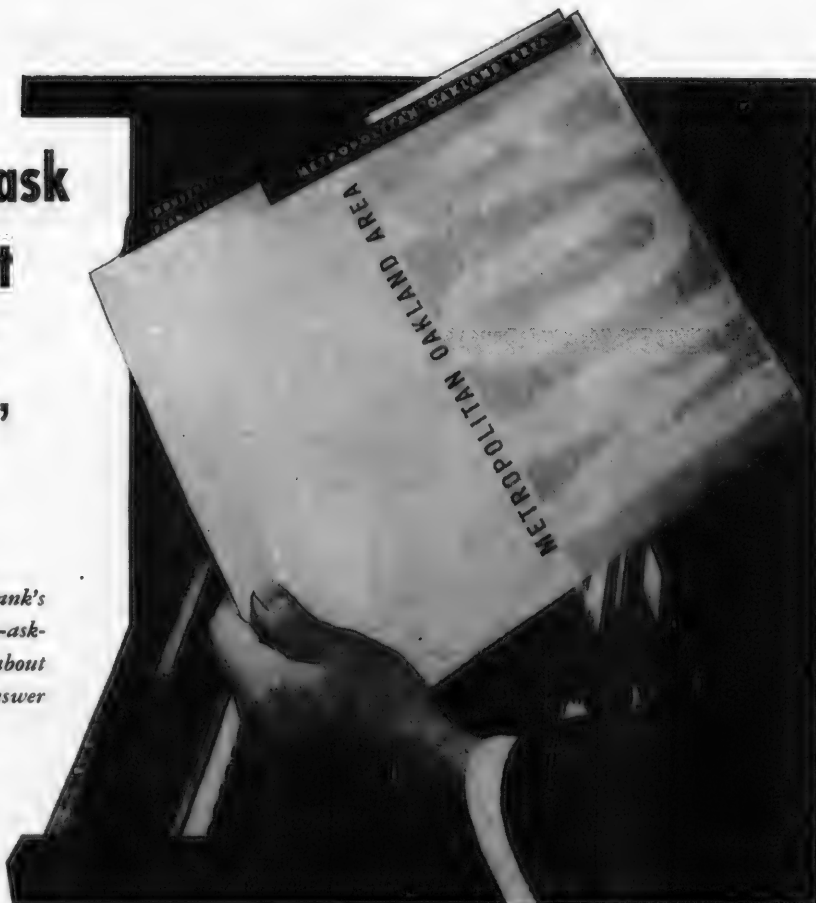
Bank Statement

THEIR joint account is ruined
By one persistent flaw:
He's slow on the deposit,
She's quicker on the draw.

BANKING

"When clients ask about the West I reach for my MOA Factfile!"

"It's surprising how many of the bank's clients are 'looking West' these days—asking for information and advice about locating branch plants there. To answer their wide range of questions, a banker needs a handy, up-to-the-minute reference source. One of the best is the MOA Factfile."



Yes. The MOA Factfile is a good reference source. In it are Data Sheets answering almost every question an expansion-minded executive could ask about the Metropolitan Oakland Area, which includes all of Alameda County, California.

In effect, it's a "pre-plant survey" of Climate, Labor, Markets, Distribution and Transportation, and Living Conditions, with facts kept up-to-date through frequent revisions.

224 nationally-known firms now have plants in Alameda County, on the mainland side of San Francisco Bay. It is Northern California's

Number One Population Center, with 57,000 more population than San Francisco County.

Sooner or later some of your clients will be interested in this area. Be prepared to answer all their questions by using the MOA Factfile and the special Industrial Survey Reports made available with it.

JUST CLIP AND MAIL THE COUPON BELOW—TODAY.

It will bring you your MOA Factfile containing all current Data Sheets and make sure you get new Data Sheets as they are issued.



METROPOLITAN OAKLAND AREA SUITE 402 • 1320 WEBSTER STREET • OAKLAND 12, CALIFORNIA

Gentlemen: Please send me _____ sets of the New MOA FACTFILE.

Name _____

Title _____

Name of Bank _____

Address _____

City _____ State _____

"ON THE MAINLAND SIDE OF SAN FRANCISCO BAY"

These are the men from our Division F...

They specialize in



Raymond Becker
Vice President



Verne Bartling
Vice President

LOOK at your part of the country on this map—and at the names we've put there. These men are specially trained and experienced in putting the facilities of The First National Bank of Chicago to work on your problems.

They're from Division F, one of the 10 Divisions of our Commercial Department. Each Division serves one group of industries exclusively, and Division F specializes in banks and bankers. These men know the business, and the services they can offer you are valuable, timely and effective.

The men in your territory can put the "industry-specialized" knowledge of any or all of our lending Divisions to work for you. And they're your pipeline to our experts in management, evaluation of bond portfolios, operations, remodeling and advertising.

Let a man from Division F explain all the benefits of a correspondent relationship with The First National Bank of Chicago. Drop us a line now and let us know when it would be convenient to have him call on you.



The First National Bank of Chicago

Building with Chicago since 1863

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

n serving your bank

CENTRAL



Charles Newhall



William Dwyer



Stanley Pickford



Leslie Bjork



Hugh Albers

SPECIAL SERVICES



Daniel Healy

NORTHEAST



George Miller



Lawrence Miller



Daniel Lawlor



Robert Orsley



Charles Ongena

SOUTHEAST



Fred Floyd



Norman Sawyer



John Tull



John Hallberg



This department is compiled by
THEODORE FISCHER of BANKING'S
staff.

New President at Chicago "Fed"

CARL E. ALLEN was elected to fill the unexpired portion of a five-year term as president of the Federal Reserve Bank of Chicago, effective October 1. He will leave a position as president of Campbell, Wyant and Cannon Foundry Company, Muskegon, Mich.

MR. ALLEN has had considerable banking experience and was once vice-president of National City Bank of New York.

JOHN B. SLOAN, president of the Greenwood County Bank, Greenwood, S. C., was tendered a testimonial luncheon by the Greenwood Chamber of Commerce and presented with a plaque in recognition of his contributions to the community and its people. In addition to a full-time banking job, MR. SLOAN was serving at one time on 28 boards and commissions.

The BOARDWALK NATIONAL BANK, Atlantic City, now has a branch in Mays Landing, N. J., through purchase of the First National Bank there. The BOARDWALK also has opened a branch in the Pennsylvania-Reading Seashore Lines railroad station in Atlantic City. The station office will be open late



Carl E. Allen



Fred Yeates



C. F. Millhouse



C. C. Coleman

enough to accommodate commuters and others who cannot get to the bank during normal banking hours.

FRED YEATES has retired as vice-president and director of publicity for Bank of America. MR. YEATES was born in England and studied creative writing under Sir Arthur Conan Doyle. Before joining Bank of America in 1937, he had wide experience in journalism.

First National Bank and Trust Co. of Tulsa took a great big advertisement to announce "A New Title for Joe." "Joe" is J. P. BYRD, JR., senior vice-president. On the occasion of 50 full years of banking, he was given the official title of special assistant to the chairman. His duties under the new title: "Half time with

his grandchildren; half time with his many friends; half time with the bank." The ad bore a special message from R. OTIS MCCLINTOCK, chairman of the board.

Millhouse President

CHESTER F. MILLHOUSE has been named president of the Manufacturers National Bank of Troy, N. Y. He succeeds HAROLD J. MARSHALL, who resigned to become president of National Bank of Westchester, White Plains, N. Y. MR. MILLHOUSE was formerly executive vice-president. He's an alumnus of The Graduate School of Banking and the American Institute of Banking.

CURTISS C. COLEMAN resigned as treasurer of Pillsbury Mills to become a vice-president of First National Bank of Minneapolis.

J. MURRAY DURHAM, president of The National Bank of Bossier in Bossier City, La., was elected to the Bossier Parish school board in his first venture as a political candidate. He carried all eight precincts of his ward to gain a majority over five opponents. The 38-year-old bank president is a past president of Shreveport Chapter, American Institute of Banking, and was winner for his state in the A.I.B.'s public speaking contest in 1950.

HUGH W. MARTIN, who started out in the early 1900's as a railway accounting clerk and student telegrapher before finally settling on a banking career, has retired as treas-



Robert S. Emison, second from left, vice-president of the new Lexington Avenue-42nd Street office of The First National City Bank of New York, with associates in one of several conference rooms for out-of-town customers and correspondents. The office is in the new Socony Mobil building across from Grand Central Terminal

Main Street



J. L. Driscoll



R. J. Comstock

urer of the First Bank Stock Corporation, Minneapolis, and vice-president of its operations subsidiary, First Service Corporation.

J. L. DRISCOLL was elevated to chairman of the board of First Security Bank of Idaho, N.A., Boise, and is succeeded as president by RALPH J. COMSTOCK.

AMERICAN NATIONAL BANK AND TRUST COMPANY of Chicago was cited for its outstanding architectural contribution to Chicago in recognition of "superior design and construction" in a recently completed remodeling program.

WILLIAM H. BRENTON has been elected vice-president and cashier of the National Bank of Des Moines. He succeeds O. D. ELLSWORTH, who is to be an officer and director in each of the 12 Brenton banks. ROBERT M. DONHOWE was also named a vice-president of the bank.

FIRST NATIONAL BANK OF ARIZONA, Phoenix, has opened a new office at Fry, Ariz., with RALPH BRANDT as manager.

ARTHUR D. ANDERSON was promoted to vice-president and cashier of The United States National Bank, Omaha, Nebr., and JOHN L. EDDY, KEENE EWART, and NELS L. SHOLIN were promoted to vice-president. MR. ANDERSON is an alumnus of The Graduate School of Banking.

COL. J. B. LAPSLEY, vice-president and trust officer of First National

Bank in Dallas, has retired after 44½ years with the bank. He was in charge of the real estate division.

The CITIZENS & SOUTHERN NATIONAL BANK has purchased the old Fulton National Bank building in downtown Atlanta, and will remodel it to take certain functions from its main office.

JOSEPH H. WARNDORF, president, and the Citizens Savings Bank and Trust Company of Hamilton, Ohio, celebrated joint 50th anniversaries. MR. WARNDORF started as a messenger when the bank opened in July 1906.

ROBERT E. LEE HILL, executive manager of the Missouri Bankers Association, was one of two men honored by the Boone County (Mo.) Fair Horse Show held August 7, 8, and 9. He's a past manager of the horse show and served during the year when the arena and first horse barn were constructed. He received a citation for "continuous liberal and loyal support of both the fair and the horse show."

The magazine *Guideposts* mentioned in its August issue the story of the MINERS NATIONAL BANK, Shenandoah, Pa., which established



Sybil Smith, standing, head bookkeeper at Bank of Belmont Shore, Long Beach, Calif., in her capacity as "Miss Welcome to Long Beach 1956," entertains Nancy McCollum, "Miss Arkansas 1956." Miss Smith acted as city greeter and big sister to contestants in recent Miss Universe Beauty Pageant

a "Teen-age Confidence Fund." BANKING reported fully on this in its issue of November 1955 (page 48). This last report in *Guideposts* brings the record up to date—42 loans; no defaults.

PAUL R. KARL, JOHN P. REINARTZ, and WILFRED L. SIMPSON were appointed trust officers at National City Bank of Cleveland.

CHARLES E. WALKER, recently economist of the Republic National Bank of Dallas, has returned to the Federal Reserve Bank of Dallas as economic adviser attached to the office of the president.

(CONTINUED ON PAGE 21)



Frederic A. Potts, seated, president of The Philadelphia National Bank, about to begin a TV talk on "The Power of the People" as it affects banking. With him is Albert E. Miller, director of finance and accounts, Philadelphia Gas Works

It took big machines and hundreds of horsepower to hold this cost curve down

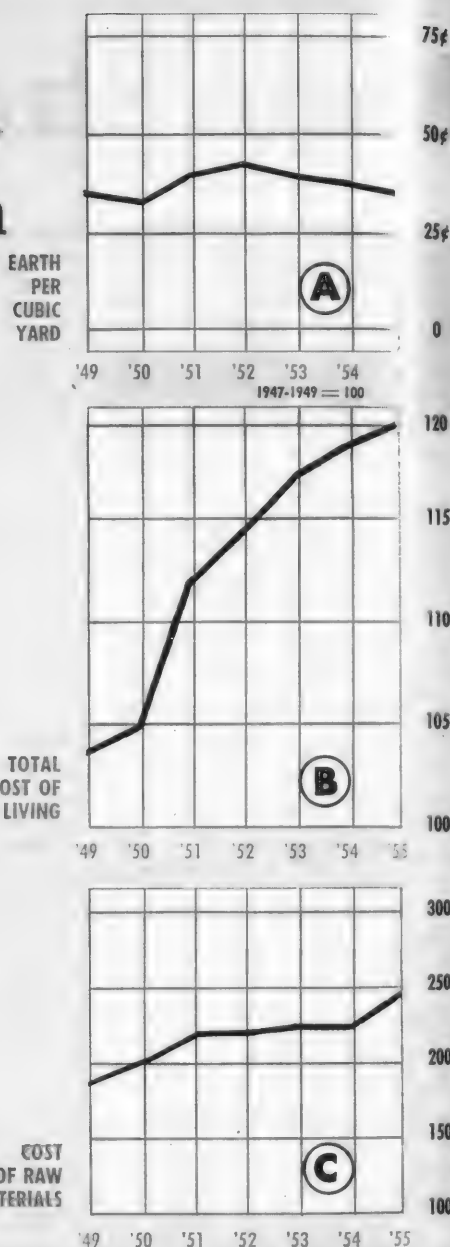
Curves B and C at right are typical of cost trends since 1949. "B" represents the cost of living; "C" is the cost of raw materials. Compare these to curve A — the cost of moving dirt during the same period.

Why the difference? Is the earth-moving contractor immune to inflation? Not exactly. But he has been able to meet each cost rise with bigger, faster, more powerful machines. As his hourly costs have gone up, so has his hourly output.

Modern, high-capacity machines like Allis-Chalmers tractors, motor scrapers and motor graders are helping hold the cost curve down and making today's road-building and construction programs a practical reality.

That's why an investment in Allis-Chalmers construction machinery benefits the banker, the contractor, as well as the countless communities that are served better by modern highways.

ALLIS-CHALMERS, CONSTRUCTION MACHINERY DIVISION
MILWAUKEE 1, WISCONSIN



ALLIS-CHALMERS



MAIN STREET (Continued)

CHARLES T. FISHER, JR., president, National Bank of Detroit, and HOMER J. LIVINGSTON, president, The First National Bank of Chicago, have been elected to the board of trustees of the Committee for Economic Development.

KENNETH M. HALL has joined the First National Bank in Colorado Springs, Colo., as a vice-president. He had been vice-president of the Bank of Douglas, Mesa, Ariz., and as treasurer of the Arizona Bankers Association, 1954-55.

AMERICAN TRUST COMPANY has announced that it will build a 10-or-more-story building in San Francisco to consolidate head office departments now functioning at several downtown locations.

PAUL MILLER, editor of the Rochester (N. Y.) *Times-Union* and executive vice-president of the Gannett Company, Inc., has been elected to the board of the Lincoln Rochester Trust Company.

W. A. B. ILIFF, J. BURKE KNAPP, and DAVIDSON SOMMERS have been promoted to vice-presidents of the International Bank for Reconstruction and Development (World Bank).

The MCHENRY (Ill.) STATE BANK held a showing of its new banking quarters in connection with its 50th anniversary celebration.

ALLAN THOMAS advanced to vice-president and trust officer at Crocker-Anglo National Bank, Sacramento.

ROBERT J. DOWNS has been elected a vice-president of Republic National Bank of Dallas.

JOSEPH H. BATEMAN, secretary and treasurer of the Dime Savings Bank, Wallingford, Conn., was elected to the board of directors. He's a G.S.B. alumnus.

FRANK DANSBY, assistant cashier of Union Bank & Trust Co., Los Angeles, has been honored by the Graduate School of Financial & Credit Management at Stanford University with an alumni award for his execu-



Edward N. Kerr



Ellis E. Busse

tive leadership ability. He was president of the senior class, recently graduated.

ARTHUR J. FUSHMAN was elected executive vice-president and director of Manufacturers National Bank of Detroit.

EDWARD N. KERR, manager of the industrial department of the Republic National Bank of Dallas, has been elected a vice-president.

ELLIS E. BUSSE, heretofore a director of the Continental Bank, Cleveland, has been named chairman. He was formerly with National Lead Company.

LEON L. MATTHEWS, president of the American Trust Company, South Bend, Ind., has been appointed to a 4-year term on the South Bend board of education. He's a former president of the Indiana Bankers

NOW ... ANYONE can do
**PROFESSIONAL QUALITY
PLASTIC BINDING!**

with these **HAND-OPERATED**
PLASTICO
PUNCHING & BINDING UNITS



**Model 24
Punching Unit**
Precision-punches pages fast and easy
with powerful **SHEARING ACTION!**



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Just insert cover and pages
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being able to produce genuine PLASTICO-bound booklets, catalogs, etc. — right in your own office! Single copies ... dozens ... hundreds — these two handy machines will give your literature extra prestige and selling power by adding colorful PLASTICO Bindings. Rugged, compact, and easy to use, PLASTICO hand-operated units are "at home" in every office or business — pay for themselves in savings of time and binding costs.

FREE Colorful 8-page booklet tells you how to get more out of your printed literature. Fill out and mail this coupon **TODAY!**

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BOOKLET**

'ROUND THE CLOCK

First National City Transit Service Saves You Time

One of the big advantages a First National City correspondent enjoys is 'round-the-clock transit service—a service that cuts float time to a minimum and ensures maximum use of available funds.

Every day, 24 hours a day, First National City's transit department specialists work at top speed to serve correspondents. Our method of handling correspondent problems is to use airmail, special delivery and other methods of making the transit process work as fast as possible.

We'd like to tell you more about how this fast and efficient transit service can help you. Why not call on us today?



NEW DELIVERY SERVICE for airmail and air express shipments from correspondents speeds check collections. Through the co-operation of New York Clearing House and Postal Transportation Service, First National City cuts a day or more from float time.

OUTGOING

items are speeded by direct sendings and a unique 'round-the-clock "depot delivery service"—two real First National City "plus factors" that assure faster presentation of checks.



The FIRST NATIONAL CITY BANK of New York

Head Office: 55 Wall Street, New York

69 Overseas Branches, Offices and Affiliates • 75 Offices in Greater New York

Around-the-clock Transit Service • Collections • Credit Information
Bond Portfolio Analysis • Complete Securities Handling Facilities
Dealers in State and Municipal Bonds • Participation in Local Loans
Personalized Service • World-Wide Banking Facilities
Complete Metropolitan New York Offices Coverage

First in World Wide Banking

Member Federal Deposit Insurance Corporation

Association and of the Financial Public Relations Association.

C. WENDELL HOLMES, vice-president of Second Bank-State Street Trust Company, Boston, has been appointed also to the new position of comptroller.

SECURITY-FIRST NATIONAL BANK of Los Angeles and THE FARMERS AND MERCHANTS BANK of Los Angeles are discussing merger plans. Total resources would exceed \$2½-billion.

GUARANTY TRUST COMPANY of New York has established a depositary relationship in Johannesburg, Union of South Africa.

SECURITY NATIONAL BANK of Sheboygan, Wis., celebrated its 100th anniversary and entertained some 5,000 visitors at an open house.

J. F. WALLACE, manager of the Osaka, Japan, branch of Bank of America, has been promoted to head the office at Agana, Guam. He is succeeded at Osaka by A. E. BURKE, formerly assistant manager at Tokyo.

FIRST NATIONAL BANK of Independence, Mo., has embarked on a modernization program which is to take seven months to complete at a cost of \$447,000.

J. F. R. PACKARD, formerly secretary of Fidelity-Philadelphia Trust Company, is now secretary and treasurer.

RALPH M. OLCOTT has been named vice-president of the Marine Trust Company of Western New York, Buffalo.

BROAD STREET TRUST COMPANY has awarded contracts for two new banking offices in Philadelphia.

The HOUSTON (Texas) NATIONAL BANK has completed an extensive remodeling and expansion program.

BERKS COUNTY TRUST COMPANY, Reading, Pa., will sponsor in October its second Women's Finance Forum.

LAURENCE A. CHAPPEL was elected chairman of the board of the Sav-



C. Boudousquie



M. J. Palmer

ings Bank of New London, Conn., succeeding the late CHRISTOPHER L. AVERY. MR. CHAPPELL is also board chairman of the Union Bank & Trust Company, New London, and president and general manager of the Thames Shipyard.

CHARLES E. BOUDOUSQUIE, formerly national bank examiner in the Sixth Federal Reserve District, has been named vice-president and controller of the First National Bank of Lafayette, La. He's an alumnus of The Graduate School of Banking, where he majored in investments.

MORTIMER J. PALMER, vice-president of the Chase Manhattan Bank, New York, has been appointed secretary, succeeding the late KENNETH C. BELL. MR. PALMER, with the bank for 38 years, was secretary of the Bank of the Manhattan Company prior to the Chase-Manhattan merger last year.

JAMES E. SHELTON, chairman of the board and chief executive officer of the Security-First National Bank, Los Angeles, has been named chairman of the bank's managing committee, succeeding the late GEORGE M. WALLACE.

FIDELITY NATIONAL BANK, Baton Rouge, La., has awarded contracts for construction of a 3-story \$8,000,000 main office building.

WALTER L. KALTWASSER was elected vice-president and secretary of the board of Mercantile-Commerce National Bank, St. Louis. PETER W. SCHMIDT was promoted to succeed him as cashier.

GEORGE O. CARLSON was named cashier of Chicago City Bank and Trust Company. He succeeds EDWARD DAMSTRA, who resigned to become president of the new Mid-America National Bank, Chicago.

(CONTINUED ON PAGE 26)

'ROUND THE WORLD "NCB"

Travelers Checks are accepted like cash

When you sell your customers First National City Bank Travelers Checks they're assured of safe spendable funds on any trip, near or far. Instantly recognized around the globe, "NCB" Travelers Checks buy goods and services like cash... but unlike cash, their value is fully refunded if they are lost or stolen. When you sell these well known checks you perform a real service by helping your clients to simplify their travel fund problems. You're protecting their money away from home just as you protect their valuables in your safe deposit vaults.

You perform a service to your own bank too, for selling "NCB" Travelers Checks means extra profits for you because you keep 90% of the selling commission. "NCB" Travelers Checks, famous for over half a century, are known throughout the world.



CONTINUOUS NATIONAL and international advertising in trade and consumer publications keeps the public aware of the many advantages of "NCB" Travelers Checks. To enable you to tie in with this advertising, write for our ready-to-use merchandising kit.

WHETHER travelers go by boat, plane, bus or car, they find "NCB" Travelers Checks are indeed "Great for Going Places". In handy denominations of \$10, \$20, \$50 and \$100, they cost only \$1.00 per \$100 and are good until used.



The FIRST
NATIONAL CITY BANK
of New York

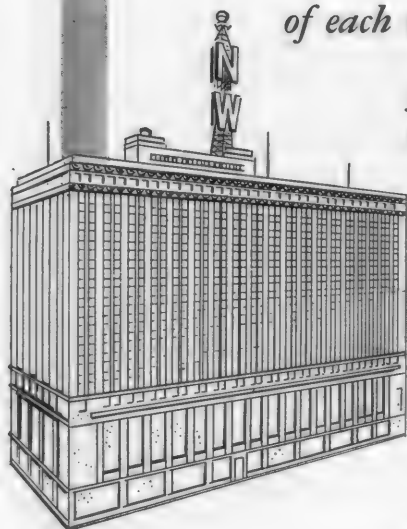
REMEMBER THESE FACTS:

- You keep 90% selling commission—and remit 10% to us
- "NCB" Travelers Checks have been sold for over half a century
- Your customers are directed to Buy at Banks

Member Federal Deposit Insurance Corporation

"With large numbers of individual and small buyers of securities, I am sure that there is a tendency to favor names which are widely known through extensive advertising. Even the more sophisticated or institutional buyer would certainly take into consideration the marketing and advertising policies in assessing the growth possibilities of each company in which they are interested."

JOHN A. MOORHEAD, EXECUTIVE VICE PRESIDENT
NORTHWESTERN NATIONAL BANK, MINNEAPOLIS, MINN.



A COMPANY'S ADVERTISING often achieves many more objectives than the primary purpose for which it is designed. It can influence the value of a company's stock . . . the attitude of its employees and the people in the community . . . its relationships with suppliers and distributors.

These, however, are the "bonus values" of advertising. In today's economy advertising is vital to the very existence of most companies. For today, production *capacity* is no longer a problem. The big job facing management is to maintain production *volume* at a level that will cover high operating costs and still yield a satisfactory margin of profit.

Obviously, you can't make a profit until you make a sale. Nor can you

McGRAW-HILL



MORE THAN A MILLION MEN IN BUSINESS AND INDUSTRY



make sales without building a market. And, for any company selling to industry, there is no faster, less expensive way of developing markets than the use of business publication advertising. Because they are edited for specific audiences, business magazines enable a company to select its markets and deliver its sales messages to a concentrated group of its best prospects and customers . . . at pennies per call.

THAT'S WHY WE SUGGEST: If you have a financial interest or responsibility in a company, you will want to encourage the company's management in the consistent use of adequate business magazine advertising.

PUBLISHING CO., INC.

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September 1956



For Your Correspondent Needs

For complete correspondent service, get in touch with Manufacturers National. Our banking offices in Detroit, Dearborn, Highland Park, Grosse Pointe Woods, Melvindale, Pleasant Ridge, Redford and Van Dyke combine to provide you with prompt, careful handling of your every requirement.

Manufacturers National Bank

OF DETROIT

Detroit 31, Michigan

Member Federal Deposit Insurance Corporation

When you want advice about

BANKERS BLANKET BONDS

you can count on

prompt

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SERVICE

from your local Travelers agent or broker. He represents the company that can handle all your insurance needs.

THE TRAVELERS

INSURANCE COMPANIES, HARTFORD 15, CONNECTICUT

*All forms of personal and business insurance including
Life • Accident • Group • Fire • Automobile • Casualty • Bonds*

MAIN STREET (Continued)

JOHN C. BARBOUR has been elected president of the Passaic-Clifton National Bank and Trust Company, Passaic, N. J. He succeeds the late GEORGE YOUNG, JR., who had been president from 1935 until his death on June 13. MR. BARBOUR was formerly senior vice-president.

HOWARD F. SAMMON, president and director of the Forest Park National Bank was elected to the newly created office of second vice-president of the Illinois Bankers Association.

DANIEL C. BECKER has retired as vice-president of the operating department of Mellon National Bank and Trust Company, Pittsburgh.

The DAKOTA NATIONAL BANK, Fargo, N. Dak., held a two-day open house in its newly remodeled bank. A. M. ERIKSMOEN, vice-president, tells BANKING that the bank was "overwhelmed" by the number of people who came.

FIRST NATIONAL CITY BANK of New York has opened its 69th overseas branch, this one in Maracaibo, Venezuela. Manager is WILLIAM L.

Even a waiter sometimes comes to him who waits.

The only international language seems to be the one in which money talks.

If it weren't for parking meters and the church collection plate, the Government could do away with nickels.

More Americans will travel abroad this year, probably hoping to meet Secretary of State Dulles.

Medicine has advanced so much in recent years that it is almost impossible now for a doctor to find anything all right about a patient.

If some company will make a horn for pedestrians that just sneers, it will make a fortune.



Anne Giannini, granddaughter of Bank of America Founder A. P. Giannini, was hostess at the bank's Republican National Convention facility at the San Francisco Cow Palace

LAFFERTY, previously manager of the branch at Cali, Colombia.

THOMAS B. REED, JR., has advanced to vice-president of Pan American Bank of Miami.

The BANKERS TRUST COMPANY (New York) Glee Club entertained patients of Metropolitan Hospital with a revised version of the group's annual musical variety show.

GIRARD TRUST CORN EXCHANGE BANK, Philadelphia, has opened a new office in South Philadelphia.

HAROLD JONES, assistant cashier of the Lubbock (Texas) National Bank, was elected president of the Lubbock Sertoma Club.

CHASE MANHATTAN BANK, New York City, has moved its Museum of Moneys of the World to the RCA Building, Rockefeller Center.

RUSSEL A. SWANEY, vice-president and general manager of the Detroit branch of the Federal Reserve Bank of Chicago, has been named an advisory member of the Michigan Economic Development Commission.

ELBERT H. NEESE, JR., was named to the board of directors of the Beloit (Wisc.) State Bank. He succeeds his



To the executive who worries about really big medical bills

Where medical bills are concerned, every executive probably has his own private "worry level." When did you last consider *yours*?

Would you worry if your expenses for a sickness or injury pushed beyond \$300 in a year? Or \$500? Or \$750?

Then *there's* your worry level. Above it, you really need help in meeting the bills. Dependable help.

Hartford has it for you. *Major Medical Expense Insurance*. It's just what the business executive has always sought—protection to help meet the costs of hospital accommodations and surgical care that your standards re-

quire. Protection *over and above* what you can count on from regular hospitalization and medical insurance.

Hartford has a number of Major Medical Expense plans for you to choose from. On a family or an individual basis. Healthy persons 14 days to 66 years old are eligible.

Get the full story! Find out how one of these Hartford policies can give you the immediate peace of mind you *want*—plus the financial help you will *need* when big medical bills come along! The coupon below brings you all the details... and places you under no obligation.

Year in and year out
you'll do well with the

Hartford

Hartford Fire Insurance Company
Hartford Accident and Indemnity Company
Hartford Live Stock Insurance Company
Citizens Insurance Company of New Jersey
Hartford 15, Connecticut
New York Underwriters Insurance Company
New York 33, New York
Northwestern Fire & Marine Insurance Company
Twin City Fire Insurance Company
Minneapolis 2, Minnesota



MAIL THIS COUPON NOW! ———

Hartford Accident and Indemnity Company
Hartford 15, Conn. Dept. BA-9

Without obligating me, please send details about Hartford's Major Medical Expense Insurance.

Name _____

Street _____

City _____ Zone _____ State _____

Your local Hartford Agent will gladly show you an actual policy and explain its features.

father, who resigned after 25 years on the board.

ROBERT W. BRUCE, JR., was elected vice-president of Peoples First National Bank & Trust Company, Pittsburgh. He was formerly vice-president of Fidelity Union Trust Company, Newark, N. J.

JAMES MUIR, chairman and president of the Royal Bank of Canada, has been elected to the board of directors of the Metropolitan Life Insurance Company, New York.

MAX L. PILLIARD was named assistant vice-president in charge of advertising and publicity at Bank of Hawaii, Honolulu.

MRS. H. HENTON WOLFE has become the only woman bank officer in Orangeburg, S. C., with her election as assistant cashier of the Bank of Orangeburg.

J. HERBERT WALKER and JAMES F. BENTON advanced to vice-presi-

dencies at Ouachita National Bank in Monroe, La.

J. B. GIBSON, estate analyst and trust officer of the American National Bank & Trust Company, Mobile, Ala., is new president of the Mobile Sales Executive Club.

E. JOSEPH BANNON, president of First Merchants National Bank and Trust Company, Lafayette, Ind., was appointed to the board of trustees of Purdue University by Governor George N. Craig.

Consolidation planned: MERRIMACK NATIONAL BANK of Haverhill, Mass., established in 1914, and the ANDOVER (Mass.) NATIONAL BANK, established 1926. The consolidation is subject to all necessary approvals.

COMMERCIAL STATE BANK, New York City, recently moved its bookkeeping department into completely sound-proofed and air-conditioned quarters and has noted a decrease in absenteeism.



Theron D. Elder shows title of his speech to Juanita Totoro, president, Credit Women's Breakfast Club, before addressing 50 ladies at a breakfast session. He's vice-president of First National Bank and Trust Company, Oklahoma City. She's assistant cashier, Oklahoma National Bank

JOHN J. GRIFFIN, vice-president of First National Bank in St. Louis, has been appointed to President Eisenhower's Executive Committee of the Physically Handicapped for 1956-1958. Mr. GRIFFIN has been chairman of the Governor's Committee in St. Louis on the Physically Handicapped for more than 12 years. The committee assisted in placing more than 20,000 physically handicapped people in jobs in the St. Louis area.

FLOYD E. MCKEE and FELIX A. MULGREW were named vice-presidents of Bankers Trust Company, New York.

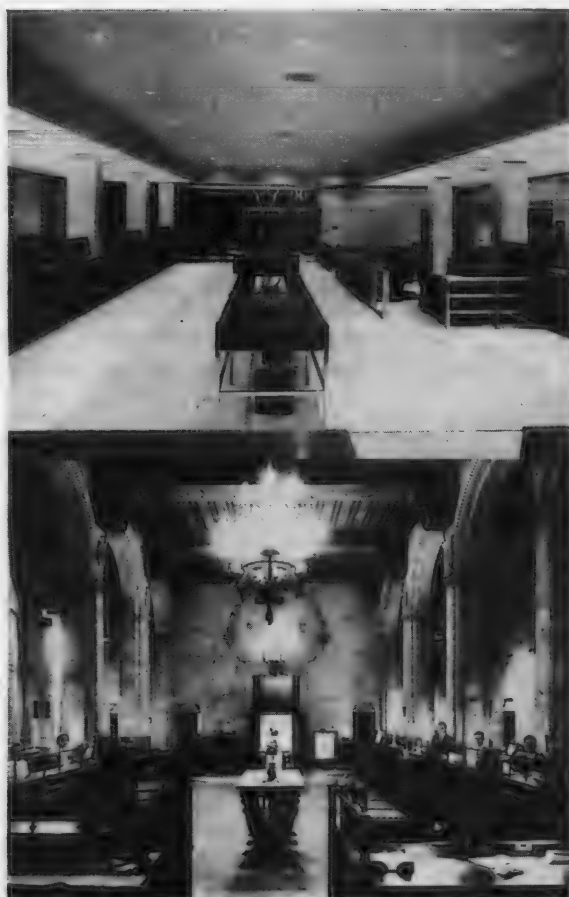
W. LANE ABERNATHY advanced to trust officer of First American National Bank, Nashville, Tenn. He's a graduate of The Graduate School of Banking, class of 1955.

HERBERT C. HART, JR., has advanced to comptroller of Barnett National Bank, Jacksonville, Fla.

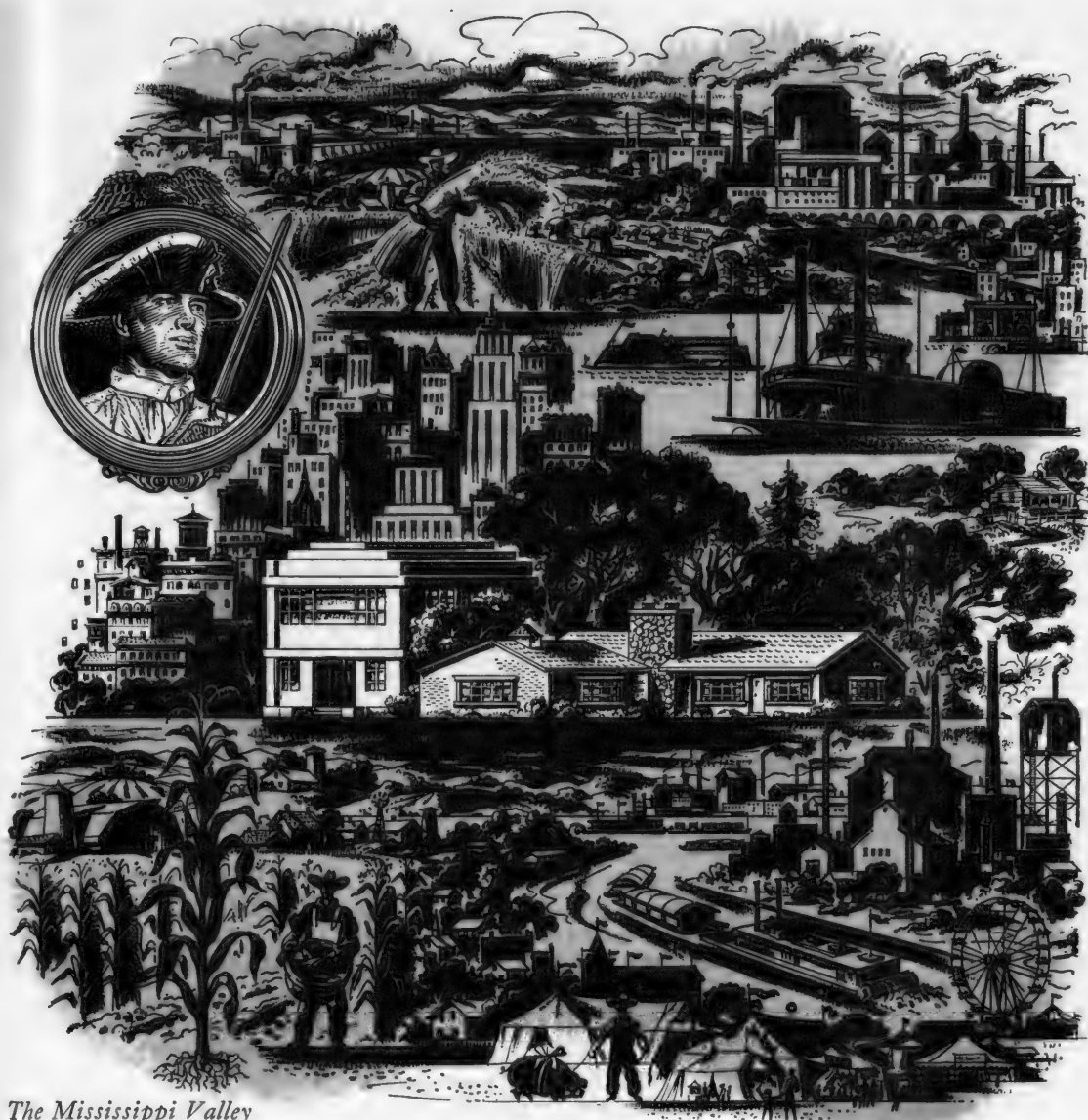
ELIZABETH BLAUL, vocational counselor and guidance expert at the Highland Park (Ill.) High School, has joined La Salle National Bank, Chicago, as personnel director.

UNION NATIONAL BANK, Wichita, Kans., held three days of open house celebration in its new quarters. It was also the celebration of the bank's 50th anniversary. There were

(CONTINUED ON PAGE 30)



The main office of Old Kent Bank, Grand Rapids, Mich., now looks like this. Below is the same office before modernization. The bank gained a second floor from what is sometimes described as "unused air space." And the black Belgian marble of the new tellers' stands came from old construction



The Mississippi Valley

Broad rivers and small streams from the east and west merge to form the magnificent Mississippi ...at once an arterial waterway and a symbol to the nation. From the rich black soil of the vast Mississippi Valley an abundance of raw materials flows to the great cities for processing and distribution across the continent and beyond. Here is the strong, warm heart of America, whose people have a deep living pride in their heritage ...work resolutely to conserve and enrich it for the generations yet to come.

The Old Republic companies serve this area, providing the most complete specialized insurance market for financial institutions engaged in diversified instalment credit. Coverages include Credit Life, Accident and Sickness; Automobile Physical Damage, Mobile Home Physical Damage, Credit Loss (on home repair loans), and Time Sales Property Insurance covering instalment credit purchases of home appliances; construction, industrial and agricultural machinery and equipment, and many others.

Old Republic

Life Insurance Company • Insurance Company
Chicago 1, Illinois Greensburg, Pennsylvania



MAIN STREET (Continued)

numerous events such as a staff breakfast, press breakfast, luncheon for out-of-town guests; garden parties with nationally known entertainers.

R. CROSBY KEMPER, JR., executive vice-president of City National Bank & Trust Company, Kansas City, Mo., has been elected to the bank's board of directors.

THADDEUS R. BEAL, a director of Harvard Trust Company, Cambridge, Mass., has been named a vice-president.

July 14 was the busiest day in the history of the BANK OF HIGHLAND PARK, Ill. It was also the bank's first anniversary.

OLIVER B. JAMES, JR., has joined San Diego (Calif.) Trust & Savings Bank as a trust officer. He was formerly an associate in law with John Foster Dulles' New York law firm of Sullivan and Cromwell, where he specialized in trust administration and estate planning.

ALBIN R. WENZEL advanced to vice-president of The Bank of New York, New York City.

JOHN D. BUTT, president of The Seamen's Bank for Savings, New York, has been named to the board of trustees of Pace College, New York.



W. E. Gentzler



Helen Kroepsch



Frederick Becker



James H. Merritt

W. EMERSON GENTZLER, assistant provost of Columbia University, has been named executive vice-president of the Empire City Savings Bank, New York. He has been a member of the board of trustees since 1938, and has served on various committees. He will assume his new duties on November 1.

HELEN J. KROEPSCH was elected personnel officer of the Worcester County Trust Company, Worcester, Mass. She came to the bank in April after 22 years with the John Hancock Mutual Life Insurance Company of Boston.

HENRY F. (Hank) KAVANAGH has been appointed advertising and publicity manager of the Union Bank & Trust Co., of Los Angeles.

Proposed merger: GUILFORD (Conn.) TRUST COMPANY with the UNION AND NEW HAVEN TRUST COMPANY. The GUILFORD bank would operate as a branch of the UNION AND NEW HAVEN. The move is subject, as this is written, to all usual necessary approvals.

FREDERICK BECKER was promoted to vice-president of Manufacturers Trust Company, New York. He's manager of the Union Square office and an alumnus of The Graduate School of Banking, Class of 1951.

JAMES H. MERRITT has advanced to vice-president of the First National Bank in Dallas.

RALPH T. TYNER, JR., chairman of the board, National Bank of Westchester, White Plains, N. Y., has been appointed chairman of the finance committee of the board of trustees of Wesleyan University, Middletown, Conn.

U. S. NATIONAL BANK of Portland, Ore., is constructing a new branch with drive-in windows and a large parking area on a site adjoining property on which a big shopping center is to be erected.

James W. Bishop, Jr.

JAMES W. BISHOP, JR., assistant vice-president and manager of the Farm Service Department of the Bank of Greensboro, N. C., died recently. He was active in establishing the Association of Bank Agricultural Representatives, Fifth Federal Reserve District, was its first president, and had since served on its advisory board.

The First National Bank in Garfield, N. J., and the Rutherford (N. J.) National Bank have merger plans, the new institution to be known as the NATIONAL COMMUNITY BANK.

FIRST NATIONAL BANK AND TRUST Co., Tulsa, celebrated its 61st anniversary by awarding a \$600 anniversary scholarship to a junior at the University of Tulsa. The scholarship is "to assist a college student in his education, and to promote an interest in banking as a profession.





when you **AUTO-MATE** with *General* FLOOR MAINTENANCE MACHINES

1. You Save Labor Costs!
2. You Save Precious Time!
3. You Protect and Beautify Floors!
4. You Mechanize Your Methods!

General's Heavy-Duty Floor Machines and Wet and Dry Vacuum Cleaners Will Maintain ANY TYPE OF FLOOR in

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| • FACTORIES | • CLUBS | • CHURCHES |
| • SCHOOLS | • HOTELS | • STORES |
| • HOSPITALS | • MOTELS | • INSTITUTIONS |
| • OFFICE BLDGS. | • RESTAURANTS | • BANKS, etc. |

NEW RESULTS when floors are Scrubbed and Wet Vacuumed, Polished, Buffed, Steel Woolled and Dry Vacuumed by the Maintenance-Free GENERAL MECHANIZATION METHOD!

A WORD OF CAUTION. Don't expect the same results from any type of equipment. For true Floor Maintenance MECHANIZATION, insist on GENERAL! For more than a quarter of a century GENERAL has consistently built Quality into its Floor Machines. Each GENERAL has every proved improvement engineering skill has created.

GENERALS Pay For Themselves Within a Year! Whatever Your Floor Need — **GENERAL-ize!**

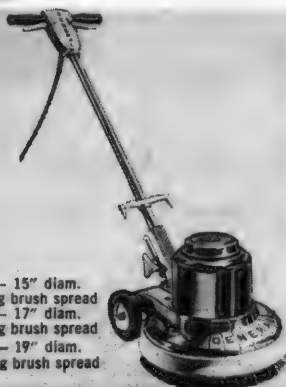
Famous K Series available in 12", 14", 16", 18", 22" sizes

General's T-16B is particularly recommended for Motel, Store or semi-commercial use. Nothing equals it for speed, efficiency, economy.

Introducing General's New KR DeLuxe Machines with These New PLUS Features!

1. **EZEE-ADJUSTO HANDLE**—fully adjustable—for space-saving storage, for height of any operator, or for pivotal operation.
 2. **EZEE-ROLL WHEELS**—two 6" wheels, with semi-pneumatic tires.
 3. **WRAP-A-ROUND BUMPER**—made of non-marking white rubber.
 4. **AUTO-MATE SAFETY SWITCH**—for right or left hand operation.
 5. **NON-MARKIT** grey rubber cord.
- Many Other Features!

KR-14 — 15" diam.
operating brush spread
KR-16 — 17" diam.
operating brush spread
KR-18 — 19" diam.
operating brush spread



General
Wet and Dry E-Con-O-Vac
Commercial Vacuum
Cleaner
Model 66 and 55

IF YOU ARE INTERESTED IN FLOOR PROTECTION THRU EFFICIENT FLOOR MAINTENANCE, MAIL THIS COUPON

General

FLOORCRAFT, INC.

421 Madison St., New York 17, N.Y.

World's Most Complete Line of Floor Machines
for Home, Industrial and Institutional Use

- ☐ Have Distributor call on us. B-9
☐ Send complete information, literature and prices.

COMPANY _____

STREET _____

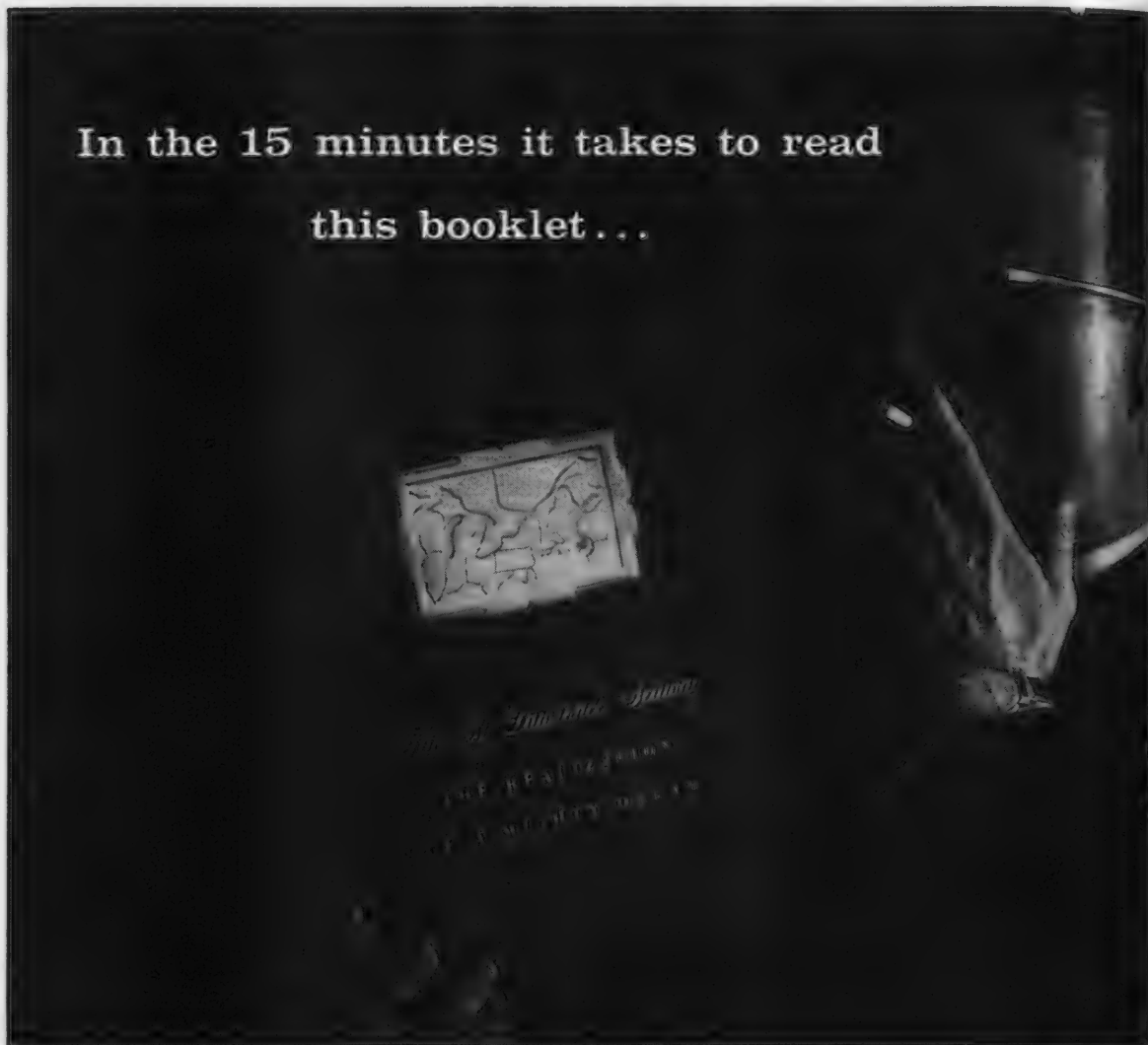
CITY _____

STATE _____

MY NAME _____

TITLE _____

In the 15 minutes it takes to read
this booklet...



**...this Chicago bank spends 25 hours* on its
present foreign business!**

The St. Lawrence Seaway will boom the Mid-west's export trade through Chicago. But this bank hasn't waited for it. Right now, *today*, the Continental Illinois has a foreign department that is one of the biggest and busiest of any bank in America. For example, on one recent typical day this department exchanged 1454 cables, wires and pieces of mail with 45 foreign countries.

There is no foreign banking accommodation that the Continental cannot provide —and with a speed and completeness that will surprise you.

We have access to over 33,500 banking offices over the world. We are within hours, even minutes, of them for the service of correspondents and their customers.

What would *you* like in Katoomba?

CONTINENTAL ILLINOIS NATIONAL BANK

and Trust Company of Chicago

Lock Box H, Chicago 90

Member Federal Deposit Insurance Corporation

*"Man hours"

The OUTLOOK and CONDITION OF BUSINESS

THE military aspects of our national outlook have been getting the spotlight as usual but the economic aspects are equally or more important.

Anyone who has ever made up a newspaper knows that arguments among generals, admirals, senators, and the like concerning the quality of our shooting irons—men, missiles, jets, fission, and fusion—go on the front page. Arguments about the cost of living index, money rates, and gross national this and that, seasonally adjusted, go inside among the ads if there is room.

So, judged simply by the front pages, this past summer has been relatively uneventful in the business world but filled with developments of great historical importance affecting our military program.

Actually the thing that threatens our security most at this time is an economic missile unguided for the most part. It is a new inflationary buildup which occurred without attracting the attention it merits. We had a steel strike, of course. It set a new wage and price pattern, as expected. Alarming, this alarmed practically no one.

In fact, business followed the forecasts so faithfully that forecasters could go on happy vacations, secure in the feeling that it would not be necessary to back-track on their predictions in the fall. Automobile and home construction declined as forecast and the gap was more than filled by plant expansion, as forecast.

Second guesses on 1956 will involve revisions upward, not downward, and that is always easy and pleasant. Almost all problems are now being postponed until 1957 and 1958, a process that has become an annual custom.

On the military and international fronts, however, extraordinary things occurred. Stalin was denounced and deflated by his heirs so that the score is now three down, among the warrior giants of a few years back. Some vest pocket Hitlers are trying to raise their voices but it is too soon to know what mistakes we'll make in handling them.

Much of our front page news for months has concerned a difference of opinion among authorities in and out of the Pentagon concerning guided missiles, B-52's, carriers, ground forces, civil defense, the relative strength of the communists versus the free world in the air, on land, and sea, in the engineering colleges, and in the economic sphere.

The result of this Great Debate has been that at no time, within the memory of any living person, has there been such confusion in the public mind about all of these matters.

For every authority who says we are falling hopelessly behind there is one who says we are so far ahead we should stop worrying. The only clear thought that seems to be emerging is a widely held belief that an atomic war is unlikely for the same reasons as a chemical or bacterial war never occurred.

Secretary Wilson expressed it this way during one of the summer-long question-and-answer sessions featuring the debate on our military program:

"I am sure," he said, "no one anywhere in the world thinks he can win an atomic war. There might seem to be a victor but what would be left would not be worth bothering about."

As the prospect of a large-scale atomic war decreases, the prospect of a worldwide economic war becomes more important, and this underscores the importance of the business outlook to national security.

So for the remainder of today's essay, let's turn to the little item among the ads somewhere concerning the upward trend in our price level and the cost of living.

In the early part of the summer, for the first time since the present Administration took office, the general price level started to rise, and it looks as though the upward trend will be hard to stop.

The consequences of a resumption of inflationary pressures on the value of the dollar touch every business and have a basic bearing on our success or failure

(CONTINUED ON PAGE 168)

SENATOR A. WILLIS ROBERTSON

The Senate's New Banking Study

Senator A. WILLIS ROBERTSON of Virginia, chairman of the banking subcommittee of the Senate Banking and Currency Committee, will preside over and conduct for the full committee its broad inquiry into the adequacy of present laws governing banking and credit. He has outlined in this article for **BANKING** the objectives of this study.

CHAIRMAN FULBRIGHT of the Senate Banking and Currency Committee has designated me, because of my chairmanship of the Subcommittee on Banking, to serve as chairman on behalf of the full committee in undertaking a study of the Federal statutes governing

financial institutions, to determine what, if any, changes should be made in the laws to improve the banking and credit facilities of our country.

The last general revision of the banking statutes was made by the Banking Act of 1935. Although many constructive banking statutes have been enacted since 1935, the legislation has been handled in a piecemeal manner, without consideration of the over-all picture. It is obvious that there has been a

No general revision of banking statutes has taken place since 1935; great changes have occurred...

great change in the methods of financing and the general credit situation during the past 20 years. Therefore, it is important that we review the National Bank Act, the Federal Deposit Insurance Act, and the Federal Reserve Act to determine whether there are outmoded provisions which should be deleted and new authority added to bring these statutes up to date.

In a study of this magnitude, it is impossible to list all the many (CONTINUED ON PAGE 146)

Just after the last general revision of banking statutes, resulting in the Banking Act of 1935, **BANKING** published a *Reference Supplement* containing the act's complete text, related editorial material, and many pictures. Below are two of the pages, showing prominent bankers who testified at Congressional hearings in connection with the 1935 legislation



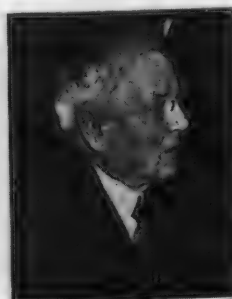
Thomas M. Steele (left), president, First National Bank and Trust Company, New Haven, Connecticut, and Howard K. Lick, chairman, Philadelphia National Bank and Trust Company, Philadelphia, at the hearing at the right. Joseph H. Frost (left), president, First National Bank, San Antonio, Texas, and James H. Perkins, chairman, The National City Bank of New York.



Senator Glass with Robert V. Fleming, president of the First National Bank, Washington, D.C., and J. M. Law, president of the First National Bank, Houston.



Edward E. Brown (left), president of the First National Bank of Chicago, and Tom K. Smith, president of the Southern National Bank, St. Louis.



Dr. M. W. Sprague (left), professor of banking and finance at Harvard and former adviser both to the Bank of England and the United States Treasury, at the right, Governor Lick.



Winthrop W. Aldrich, chairman of the board of the Chase National Bank.



Benjamin M. Anderson, Jr., economist of the Chase National Bank, conferring with Senator Glass.

Washington



CULVER SERVICE

Political campaigns of pre-TV days seem at least as photogenic as the ones we broadcast now, especially, as in the New York scene above, when the town appears to be in imminent danger of catching fire. An indication that all campaigns have much in common is the slogan on the canopy in this 1868 drawing: "Reduce Taxation Before It Reduces Us"

Unfinished and Future Business

LAWRENCE STAFFORD

COMMERCIAL banking, for the time being, weathered a concerted attempt to single it out from among other regulated industries and subject it to especial antitrust treatment.

When the gavel pounded the adjournment of the second and probably last session of the 84th Congress, no especial antitrust legislation affecting banking had passed both Houses in the same form, so no bill became law. The House had passed the Celler bill; the Senate, the Fulbright bill.

Unless untoward events should cause the first session of the 85th Congress to become preoccupied with other problems, however, this subject seems most likely to arise again next January not long after another gavel pounding puts the 85th Congress in business.

It might be that this subject

would be merged with the prospective study of banking and credit which the banking subcommittee of the Senate Banking Committee is now conducting for the benefit of the full committee. For the question of what is needed in legislation for the latter part of this 1950 decade respecting branches and chain banking, competition and mergers, both in commercial banking and in the savings and loan association field, are among the several subjects which the subcommittee will inquire into. (See page 34 for Senator Robertson's article outlining the objectives and plans for this banking and credit inquiry.)

This inquiry is probably a development of the broadest long-term significance for commercial banking. It might lead to changed patterns of competition. It might result in a changed basis of reserve

requirements. It might result, for the short-run only, in a compilation of all banking laws in one code. Or it might lead to the appointment of a new kind of monetary commission, which would carry forward far-reaching studies of the adequacy of laws affecting banking and credit and the institutions concerned.

In this endeavor, the American Bankers Association was giving the subcommittee its fullest cooperation.

One thing which will *not* be the objective of this inquiry may be specified. It will not be the objective of this study to inquire into current monetary policy and its relation to the economy. Thus it will not duplicate the 1949 study of the Douglas subcommittee or the 1951 study of the Patman subcommittee of the Congressional Joint Economic Committee.

Near the end of the session the Senate passed the bill offered by Senator J. William Fulbright (D., Ark.), the chairman of the Banking Committee. This bill would enjoin the appropriate Federal bank supervisory agencies to take into consideration whether prospective bank mergers would "unduly" lessen competition in any locality, along with the other diverse economic and financial considerations which must be weighed in judgment by those agencies when making up their minds whether to approve or disapprove a proposed merger of banks.

Passage was by a voice vote. Previously the Senate, also by a voice vote, rejected an amendment Senator Paul H. Douglas (D., Ill.), proposed to add to the Fulbright bill. This amendment would require the bank supervisory agencies to consult with the Department of Justice on the competitive aspects of bank mergers, instead of permitting them to do so. It would also ban those which "substantially" tended to lessen competition in any locality, instead of "unduly" lessened it, the language of the Fulbright bill.

Thus the Douglas amendment, if it had not failed, would have transformed the Fulbright bill in most respects into the form of the Celler bill except that the attention to the monopoly aspect would have come as an amendment to the FDIC law



Sen. A Willis Robertson will head the committee that is soon to begin an inquiry into laws relating to banking. He has written an article on the subject, which appears on page 34

rather than, as the Celler bill passed by the House proposed, an amendment to the Clayton act.

Senate Versions Die

Chairman Joseph C. O'Mahoney (D., Wyo.) of the monopoly subcommittee of the Senate Judiciary Committee incorporated the language of the House-passed Celler bill (as also did the House) in a proposed draft of the pre-merger notification bill. The latter, with various exceptions voted by the Senate committee, would require corporations, including banks, to notify the Department of Justice and the Federal Trade Commission

of a prospective merger which would result in a business of \$10,000,000 or more of assets.

However, in reporting favorably the pre-merger notification bill complete with the language of the Celler bill, the full Judiciary Committee incorporated a number of amendments. One of these would have permitted legal restraints against officials barring mergers. Another was an entirely separate piece of legislation passed by the House which would have, in effect, overruled the Supreme Court decision allowing corporations "discriminating" in prices among customers to set forth the permissible defense that they were lowering prices in good faith to meet competition of others.

After these committee amendments were adopted, Senator O'Mahoney publicly indicated that he had lost interest in the bill. He tried to get the good faith defense repealer eliminated from the bill. Senator John W. Bricker (R., O.) refused unanimous consent for floor consideration of this request, so all three phases of the bills previously passed by the House died in the closing days in the Senate.

Cumulative Voting Bill Fails

Despite its vigorous support from Chairman Brent Spence (D., Ky.), of the House Banking Committee, the bill passed by the Senate to allow national banks to amend their charters to use the ordinary rather than the present mandatory cumulative method of voting for directors failed of enactment in the closing days.

The House committee reported this bill favorably, and the Rules Committee cleared it for floor consideration. However, opponents of the bill threatened to debate this issue at some length. As the session neared the end there was not time to permit a considerable debate on this issue, and it was not called up.

Another project which failed to reach consideration was legislation to provide for a more rapid liquidation of the Postal Savings System. Both Chairman Tom Murray (D., Tenn.), of the House Post Office Committee, and the ranking minority member, Rep. Edward H. Rees (R., Kans.), were reported to be sympathetic to this bill. However, the committee had such a heavy docket of legislation affecting postal

HAVE YOU SEEN

(1) The text of Regulation Y of the Federal Reserve Board, which is in effect a summary of the Spence-Robertson Bank Holding Company Act of 1956 and an outline of the procedures for its administration. Write to the Federal Reserve bank of your district, which also will give you copies of application and registration forms.

* * *

(2) A terse summary of what the new highway program will mean to the economy, as well as some of the long-run changes it indicates for all business, including banking. Write for *Construction Markets*, the July 1956 number, to the Construction and Civic Development Department, Chamber of Commerce of the United States, Connecticut and H Streets, N. W., Washington 6, D. C.

* * *

(3) A brief analysis of the highway bill as passed. Write to the National Highway Users Conference, National Press Building, Washington 4, D. C., for a copy of *Provisions of Federal Highway Bill Outlined in NHUC Digest*, dated July 2.

* * *

(4) The text of the new Flood insurance bill. Write to the House Banking and Currency Committee, New House Office Building, Washington, D. C., for a copy of House Report No. 2959, 84th Congress, 2nd session, entitled *Federal Flood Insurance*.

rates and Federal employees that it did not find time to schedule consideration of this subject.

S&L Branching Fails

Likewise the House Banking Committee never got around to holding hearings on the bill passed in 1955 by the Senate defining the terms under which the Home Loan Bank Board could approve charters for Federal savings and loan associations. As with all legislation, this also loses its status on the calendar, and, if taken up next year, must start from the beginning with committee hearings, committee consideration in executive session, favorable reports, and floor consideration.

Raise Supervisory Official Pay

Until Congress at the end of the session cleared the executive pay bill, all top Federal bank supervisory officials received annual salaries of \$16,000 per year.

In the final act, Congress voted a salary of \$20,500 each for the chairmen of the Federal Reserve Board and the Federal Deposit Insurance Corp., and for the Comptroller of the Currency. The other members of the Reserve Board and the appointive members of the FDIC will receive \$20,000.

Originally under the Federal Reserve Act the pay of the chairman of the Reserve Board was the same as that of a member of the Cabinet. Such officials hereafter will receive \$22,500, and the Monetary Under Secretary of the Treasury and departmental under secretaries generally will be paid \$21,000.

Pension Fund Disclosure

An issue shunted until 1957's session is the question of disclosure of information about privately operated pension funds. A Senate Labor subcommittee recommended that there be registered with some Federal agency, preferably the Securities and Exchange Commission, information about the operation of pension funds.

This session did not get down to committee consideration of actual legislation. Two questions will be involved if this subject arises next year. One will be the scope of the operation of the act, or whether it will apply to all corporation pension funds as well as those operating for



Framework of the new Senate Office Building is nearing completion

UNITED PRESS

the benefit of union members under collective bargaining agreements. Another question will be how much of the information about the operations of these funds shall be made available for public perusal.

SBA Loans Rise

Loans approved by the Small Business Administration are rising. Approvals during fiscal 1956 of 5,224 loans for \$126,379,521 more than doubled the 2,258 approvals for \$63,848,000 during the previous fiscal year.

SBA began operations September 1, 1953. Through June 30, 1956, it had approved 8,112 loans for \$218,707,621.

The ratio of approvals in 1956 was 57% of applications, compared with 37% in the previous year.

In fiscal 1956, 70% by number of SBA approvals were made of loans in which commercial banks participated.

Budget Review

By the time this issue of BANKING is published, the Budget Bureau is expected to have made public its revision of estimates for the present or 1957 fiscal year. The previous estimates, made public about January 20, are obviously obsolete. For instance, by analogy, fiscal 1956 expenditures rose \$4-billion and revenues by \$8,141,000,000 between the

January 1955 first estimate and the final performance.

Preliminary "final" fiscal 1956 figures showed that from fiscal 1953, "a Truman year," as it is characterized by the Eisenhower Administration, national security spending fell \$9,999,000,000, but total spending declined only \$7,888,000,000, the difference being due to a rise in civilian spending for fiscal 1956, as compared with fiscal 1953.

Civilian spending was actually reduced from fiscal 1953 to 1954 by \$2,594,000,000, but then increased by \$2,402,000,000 in fiscal 1955 and another \$2,216,000,000 in fiscal 1956.

The Look Ahead

These late-August revisions will be watched to ascertain how much they reflect the following factors:

(1) Admittedly defense expenditures are on the rise even with a cut in the number of men in the military establishment, because of (a) greater deliveries of military matériel and (b) the higher costs of the new guided missiles and atomic weapons with which the forces are being equipped.

(2) The official admission of the Under Secretary of Agriculture that the "soil bank" is unlikely to cut the annual \$2-billion a year used for the last few years by Commodity Credit Corp., but is likely to appear

as an additional \$1.2-billion of spending.

(3) The achieved rise for the last two years of more than \$2-billion a year in civilian spending.

(4) A rise of a billion or so in highway expenditures under the multi-billion-dollar highway program.

Farmers Home Powers

As a consequence of legislation passed near the end of the session at the request of the Administration, Farmers Home Administration

now has more funds to lend directly, or to insure loans, and for a greater variety of purposes, than it ever has had.

In the loan insurance field, Farmers Home may now use up to \$50,000,000 a year for three years to refinance bank and other indebtedness into long-term debt. The annual authority of this agency to insure mortgage loans was boosted \$25,000,000 to \$125,000,000. Farmers Home also was given legal authority to insure second mortgage loans.

Farmers Home makes operating loans. The maximum initial loan to a Farmers Home client may hereafter be \$10,000 instead of \$7,000, and the maximum indebtedness at any one time to any one farmer may be \$20,000 instead of \$10,000. Previously the agency's client, if he did not repay his operating loan in seven years, would be refused further credit. In emergencies this period may now be 10 years.

Congress empowered Farmers Home, for the first time, to make
(CONTINUED ON PAGE 108)

Communist Corporation Directors Sought

IT'S a startling idea, but some Senators say it is possible that foreign communist interests have been infiltrating some companies engaged in defense work through stock ownership. The hearings, begun in the summer and to be stepped up in the fall, should reveal whether the Senators are seeing things under the bed. Before they are over, the public will be educated on anonymous Swiss and other bank and brokerage accounts and how capital can be moved from country to country to the bafflement of tax collectors and almost everyone else.

THE Senator who has displayed the most interest in this matter is Olin D. Johnston (D., S.C.), whose Senate Judiciary sub-sub-committee began hearings with a Federal Reserve Bank of New York witness. Senator Herbert H. Lehman (D., N.Y.), whose Banking and Currency "securities subcommittee" has been studying proxy fights, also shows an interest in the extent to which foreign capital is being used to control U.S. corporations. In fact, all this Senatorial inquiring was set off by one or two proxy fights in the course of which recently naturalized Americans have acquired board seats and in some cases complete control of some of our companies. One of those concerns is making the engine for the atomic submarine. Also, it is stated on Capitol Hill, the late Serge Rubinstein, who died mysteriously on Park Avenue, was found to have held a large block of Douglas Aircraft stock in street and fictitious names.

In the hearings ahead—some of

them in executive session—a number of industry financiers involved in some of the recent corporate changes will be examined. Very likely some bankers and brokers also will be called to explain how international finance works. Tax people will be interested, too, for there is a suspicion that some of the "foreign" capital that comes here from such places as Liechtenstein, Switzerland, Tangier, Mexico, and other such free-enterprise financial centers is just bashful American capital enjoying the limited withholding tax that applies to dividends paid to foreigners.

SENATORIAL curiosity has been aroused by the rapidity with which some individuals have piled up fortunes brought with them from abroad. Large sums have been involved, their origin and true ownership traceable often no further than a numbered account in a foreign bank. So it is being asked, if foreign agents must register, why not foreign capital too? Cannot a big stockholder in a defense-industry company learn secrets of value to some foreign power? Cannot such a stockholder, if so minded, influence company affairs to the detriment of the U.S.? Is legislation needed to close possible leaks in defense-production information? Should company reports to stockholders—printed, written, or oral—be supervised by the Government where defense is concerned?

Anonymity in bank and brokerage accounts has been a worldwide practice for many years. Swiss banks have made a special point of it. Be-

fore the war, Holland, too, played an important role in the business. The owners of such bank accounts are identified merely by a number, code letters called a rubric, or in some other special way. Foreign banks commonly keep special accounts in New York banks. Who really owns the money in those accounts no one here knows and it is certain that in some cases at least not even the foreign banks themselves know. If a depositor in a Swiss account is using Soviet Government money, the bank probably does not know or even care.

Anonymity of capital can come in layers. The owner of a Swiss account has his Swiss bank open an account in Belgium; then the Belgian bank moves the money to New York, where it is invested in stocks. Commerce Department 1949 data show that most foreign owners of U.S. stocks cannot be identified because the stocks are held in nominees' names. Canada, Holland, and the British West Indies provided the main exceptions. The bulk of such holdings by owners in the U.K., Sweden, Switzerland, Belgium, France, Uruguay, Panama, Mexico, and Cuba were in the names of U.S. brokers, banks, or other nominees.

THE usual object of hearings is legislation. Just what will result from the hearings herein mentioned we do not venture to predict. Perhaps there will be another Treasury census of foreign investments. Maybe there will be some modification of SEC disclosure requirements. But numbered accounts in foreign banks won't likely be done away with.

HERBERT BRATTER

Home Mortgages and the Present Money Market

No Relaxation Is in Sight for Mortgage Market Pressure; Competition for Credit Will Remain Keen; Quality Will More Than Ever Be the Determining Factor

JOSEPH R. JONES

MR. JONES, who is vice-president of the Security-First National Bank of Los Angeles, is a former president of the Savings and Mortgage Division, American Bankers Association, and is now a member of the A.B.A. Credit Policy Commission and the Federal Legislative Subcommittee on Mortgage Financing and Urban Housing.

Increase in "Savings" and "Mortgage Loans"

	1945 to 1955		1954 to 1955	
	Savings	Mortgage Loans	Savings	Mortgage Loans
Commercial banks	60%	337%	3%	13.5%
Mutual savings banks	83	310	6.8	15.4
Savings & loan associations	335	465	18.4	21.
Insurance companies	90	344	3.9	12.6

SINCE there is one reservoir of investment money in the United States, all types of investments compete on the basis of their relative attractiveness to investors. This is based not only on the gross return from an investment but, also, it depends a great deal upon maturity, the liquidity, cost of servicing, management, and overhead involved in the various types of investments.

There is one basic principle about the money market, and that is that there must be savings available for investment to provide funds for the loans desired. Savings actually are the difference between what is produced and what is consumed by the population of our country. Our pattern of savings varies from year to year or era to era. On the long range, the rate of savings has been declining in the United States. From 1860 to 1908 people saved 13.8% of their disposable income, whereas in 1909 to 1948 this ratio of savings was only 8.3%. From 1951 to 1954, the average rate was 8%, but in 1955 only 6% of the disposable income resulted in savings.

Thus, the rate of savings in 1955 was approximately 25% lower than the rate in 1954. This fact was one of the primary causes for the pressure on the money market. This affected practically all types of investments. In the year 1955, we saw 90-day U. S. Treasury bills go from 1.05 to 2.69%, the "prime" interest rate on loans from 3% to 3½%, the Federal Reserve rediscount rate from 1½% to 2½%, and a general rise in mortgage loan interest rates throughout the country. This pattern has continued, and now we find the prime rate up to 3¾%, the Federal Reserve rediscount rate up to 3%, and the pressure on mortgage loan rates continuing upward.

The Discount System

This pattern has caused a very serious problem in connection with FHA and GI loans. With the interest rate on these loans frozen at 4½%, which is very unrealistic in the present money market, a system of discounts has continued to grow. This is perfectly normal and necessary to interest investors in this type of loan. However, it has caused

certain members of our Congress to feel that it is an unjust practice insofar as the home purchaser is concerned and has resulted in the introduction of legislation to forbid or curb discounts. It would be far better to allow a flexible free interest rate on these loans and allow them to compete in the market like all others.

There is also the problem of what percentage of an investor's funds should be placed in mortgage loans. Let's look at the record of the principal lenders of this type—the amount they have invested in mortgage loans, as compared to the savings available to them, as shown in the table above.

There are other evidences to indicate the tremendous growth of the credit advances. In the year 1955, as compared to 1954, the physical value of construction increased 10%, whereas the economy as a whole increased but 6%. Total commercial bank assets increased \$4.4-billion, whereas their total loans for all types increased \$11.3-billion. In addition to this, they sold some \$7-

(CONTINUED ON PAGE 156)

METHODS and IDEAS

Operating Procedures

New Check Mailer

THE CITIZENS & SOUTHERN NATIONAL BANK of Atlanta has devised a novel check and envelope combination.

Known as the "C&S Check Mailer," it's a specially arranged check and an envelope with two windows. The customer writes the name and address of the payee on his check and it appears through one window. His own name and address preprinted on the check shows up through the other pane as his return address. He stamps and seals the envelope, and it's ready for mailing.

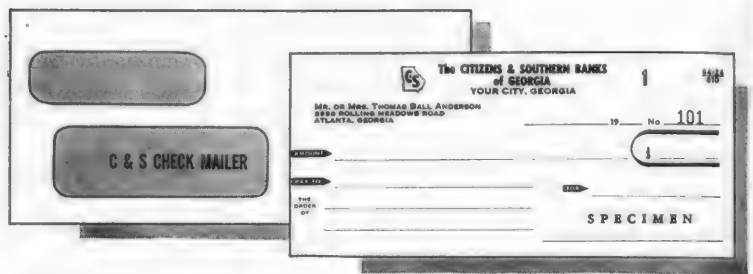
The mailer is sold to regular checking account customers in the 14 Georgia communities served by the bank at \$2 for 200 checks and 100 envelopes.

C&S says check-writing time is cut in half.

Bank Speeds Information On Return Items

CENTRAL NATIONAL BANK of Cleveland has a new plan to speed important information on return items.

The first endorsing bank receives direct notification of dishonored checks ranging in size from \$50 to



Name and address of payee are visible through larger window at left, while customer's name shows in smaller one

\$999. The plan is followed in cases where the return item bears the endorsements of two or more banks located outside Cleveland.

A. E. Staley, assistant vice-president and head of Central National's operating department, says the bank has received much favorable comment on the service. The first endorsing bank gets notification of dishonored checks one or two days earlier than usual, and thus is enabled to take corrective action more promptly. The benefits of direct notification may be expected to increase as more banks adopt the plan, Central National points out.

Dishonored checks are returned

through customary channels. The bank will continue the established practice of wiring on all return items of \$1,000 or more.

Records Retention

A SOUND, properly administered system for retaining and destroying records has numerous advantages, says a new manual on the subject just published by the Pennsylvania Bankers Association. They include: elimination of unnecessary records, improved access to the remainder, maximum use of storage space, lower maintenance costs, possible release of space for more profitable use, reduction in fire hazard, reduced investment in storage cabinets and files, and generally improved operating and housekeeping procedures.

The 20-page text, "Schedule of Retention and Destruction of Bank Records," is the result of two years work by PBA's Procedures and Practices Committee. Two separate schedules are offered. One classifies all records by time retention periods, and is for banks that have their records under central control. The second contains the same informa-

Direct notification form

15 40		CENTRAL NATIONAL BANK of CLEVELAND CLEVELAND, OHIO		DATE _____
THE CHECK DESCRIBED BELOW HAS BEEN DISHONORED AND THEREFORE IS BEING RETURNED THROUGH REGULAR CHANNELS. THIS DIRECT NOTIFICATION IS SUPPLIED SO THAT YOU MAY TAKE ANY ACTION YOU CONSIDER NECESSARY BEFORE THE CHECK REACHES YOU.				
WE BELIEVE YOU WILL BENEFIT FROM THIS ADDITIONAL SERVICE FROM CENTRAL NATIONAL BANK.				
AMOUNT _____		DRAWEE BANK _____		
MAKER _____		YOUR ENDORSER _____		
REASON _____				

tion, listed according to departments, for banks where each department is responsible for its own records.

To simplify administration of the schedule, the manual uses three retention categories: permanent, the 7-year period required by Pennsylvania law, and optional range.

Permanent records are the archives "of major historical, customer relations, legal, and operating significance . . . the records most needed to reestablish the business in the event of major catastrophe." Safe and convenient storage space is urged for them.

In the 7-year category the book places records of original or final entry and items that should be available for that time. Optional range records are those not included in the other two groups—those which banks hold for varying times.

Savings Bank Is to "Automate" Fully

THE UNION DIME SAVINGS BANK of New York City will be the first savings institution in the state to become fully "automated," said an announcement by J. Wilbur Lewis, president of the bank, and

S. J. Sindeband, president of Tele-register Corporation.

The system, which will enable customers to transact their business in seconds, is expected to be ready at about the time Union Dime moves into new quarters. This will be the first time, the announcement said, that any bank has been able to plan its floor layout to take advantage of space-saving afforded by the system.

Tellers at the main office and the branch will be provided with specially designed window machines tied directly to the central electronic equipment. The system handles regular savings transactions, interest computations, school savings, club accounts, and mortgage processing.

Bank Robbers, Beware!

THE CITY BANK of Washington, D. C., photographs paper money in a microfilmer, and advertises the fact in its lobby.

In all branches of the bank signs explain the practice and that its purpose is to identify currency in the event of a holdup.

The photographing is done by the microfilmer used for regular bank



C. F. Burton, chairman of the City Bank, Washington, D. C., looks at a sign telling the public—and potential robbers—that the bank photographs paper money as a precaution. Tellers are instructed to include microfilmed "hot money" in cash they may be forced to give to a robber

bookkeeping purposes. Permission has been granted by the Treasury to microfilm currency "provided that the film records are maintained as confidential."

New Snorkel Provides Remote TV Banking

THE Mechanics and Farmers Savings Bank of Bridgeport, Conn., has a system of remote television banking said to be the only one of its kind.

A teller in the bank serves a customer in a car 100 feet away by means of a two-way closed circuit that enables both to see and speak to each other. Money and papers pass between them through pneumatic tubes.

Manufactured for the bank by Mosler Safe Company, the "TV snorkel" consists of a 5-foot kiosk at the curb and a TV camera, monitor and control panel at the teller's station in the bank. The kiosk looks like a large television set. Bullet-proof glass protects the apparatus from vandalism.

A customer driving up appears on the teller's picture tube, and sees the teller in the street monitor. By pushing a button on the control panel the teller opens a small door in the kiosk that gives access to an oval carrier unit. When the customer has placed deposit and passbook in the carrier, the teller closes the door by pressing another button and the carrier is sucked through the tube to the teller.

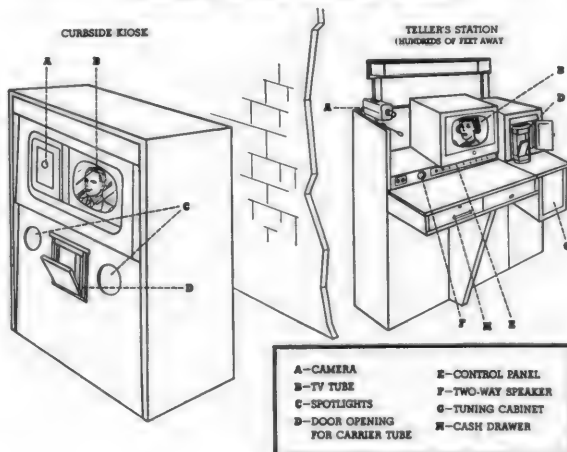
Customer and teller see each other throughout the transaction.

Five car-lengths are reserved at the curb for drive-in customers. A fluorescent tube over the teller's counter assures that his face will be well lighted and produce a clear image on the customer's screen. An average transaction takes less than a minute.

"Remote television permits us to offer drive-up service

in our busy downtown area and to maintain the personal touch with customers," said President Philip S. Davison.

Customer at curbside kiosk, left, is televised on picture tube at teller's station, right. Teller is seen on kiosk picture tube. By pushing a button on the control panel, teller opens door in front of kiosk, giving access to carrier unit in which deposit is placed. Carrier is returned to teller's station via underground pneumatic tube. Transaction is completed in less than one minute



Public Relations

*Advertising . . . Promotion . . . Business Development . . .
Community and Staff Relations*

Palm Tree Is Vacation Club Premium

SEVERAL hundred families in Yonkers, N. Y., have added little palm trees to the household equipment, thanks to the FIRST NATIONAL BANK of that city.

Each opener of a new \$3-weekly-minimum Vacation Club membership gets a 6-inch living palm, supplied by a wholesaler and potted locally in plastic flowerpots with removable bases that can be used as coin banks to accumulate the payments.

Sheldon L. Pollock, chairman of the board of the First National Bank in Yonkers, reports that three months after the promotion began memberships had topped 1,600, exceeding the total for all of 1955.

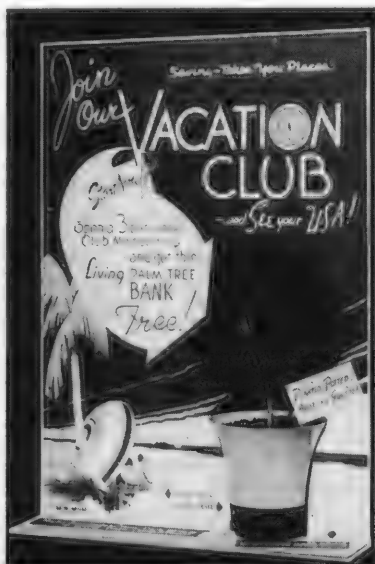
Window displays and floor settings in each of the bank's nine branches, plus newspaper advertising and tie-in window announcements in neighborhood stores, feature the giveaway. American Express Company's travel division has supplied a display that includes folders answering the question, "What interesting places can I visit on \$150?"

The promotion was devised and serviced by Walter J. Gallagher, advertising, New York City.

Bank Clock "Sizzler Contest" Ends in 4-Way Tie

THE tall time-temperature clock outside the SECURITY NATIONAL BANK, Kansas City, Kans., still marks minutes and degrees Fahrenheit, but somehow since July 26 its faithful service has been just routine.

That was the day the temperature reached 100 degrees, thus ending the "Sizzler Contest" sponsored by the *Kansas City Kansan* which, with the bank, offered cash prizes for the closest guess of the exact moment the clock would first hit the century



This "point of sale" placard, calling attention to the free palm trees, hung at teller cages in Yonkers bank

mark in 1956. (BANKING had a story about it last month.)

Well, the winning time was 3:18 P.M. on July 26—and four of the 23,013 guessers hit it right on the nose. Accordingly, the prize money was distributed on the basis of how

early their postcard entries had been mailed. When this was straightened out, the newspaper awarded its \$100 first prize check and the bank presented second, third, and fourth place awards totaling \$50.

"We're much relieved the contest is over," says the paper's R. T. Kingman. "Incidentally, in case any of your banker readers would like to conduct a similar contest—either with or without the help of a newspaper—they should be advised that clerical costs run rather high. In our case, the paper took care of the filing. Two girls were employed full time, and some overtime, to file the entry cards. They must be filed by the minute, and by postmark if they have the same minute, to avoid error.

"But we think it was well worth it. More interest was generated by this contest than any other we've tried."

Mr. Breidenthal was pleased with the contest, too.

"It kept the name of the bank on the front page of our newspaper almost continuously for two months," he said.

What happened to the cards? They went to the Boy Scout paper drive.

Maurice L. Breidenthal, president of the Security National Bank, Kansas City, Kans., presents the bank's prizes in the "Sizzler Contest" to Mrs. Glenn Holroyd, Mrs. Nadine Cansler and Mrs. May Banks



Log Bank Draws 10,000

A CHUNK of the Old West migrated to the Old South this summer when THE CITIZENS & SOUTHERN NATIONAL BANK, Atlanta, opened a branch in a log cabin.

The 18 x 34-foot house will pinch hit until C&S's permanent, colonial building is ready early next year to serve the Chattahoochee industrial district and the residential Howell Hill Road section. The cabin was set up in a hurry after the bank had run a survey to find what kind of bank people wanted. The answer was, in effect, "Any kind—but we want it now."

So C&S undertook "Operation Pioneer." It was top secret until full page ads (in Barnum's best style), television and radio spots, direct mail, "Wanted: a Bank" posters, and more than 5,000 house calls by staff people, told the neighborhood that a bank was coming.

It arrived on a July Saturday: the air-conditioned log house, with false second story, manned by employees in western costumes, and equipped with player piano, can-can girls, flintlock rifles, cowhands, wooden Indians. A sign said: "30 million capital and surplus, not all here."

Somebody acted as statistician and came up with these figures:

More than 10,000 people visited the bank. By 6 P.M. over 17,000 souvenirs — wooden nickels, mustaches, Indian headbands, popguns — had been dispensed; 450 kids had ridden the ponies; 600 guests had posed for tintypes. Three Indians had done innumerable war dances; 2,500 cokes, 3,000 doughnuts, 104

A C&S employee hands a wooden nickel to one of the young visitors at the opening of the bank's temporary branch in a log cabin



gallons of cider had been consumed.

And the C&S gang? They said: "Whew!"

TV That Helps the Customer

THE television commercials getting the best response for LOUISIANA STATE BANK, Baton Rouge, are those that tell the customers something about banking—for instance, how to write checks to avoid loss, and how to endorse checks.

"These ideas," notes Vice-president Preston V. Kors, "can be graphically shown and told on television, and although they are as old as the hills, people still comment about them."

"We have also used rear screen

projections showing shots of the bank lobby, placing in the proper part of the picture the 'Hurry-up Depository' box so the customers could see just where it is. Then we showed them how to use it and save time.

"We've shown money-counting machines, explaining how the bank participated in the March of Dimes by counting the loose change. We have pictured our transit department, displaying one of the new machines and pointing out the modernity of banking and how this equipment is used to expedite the handling of the customers' checks."

Accounts for New Babies Feature Bank's Birthday

To help celebrate its 125th anniversary the ROCHESTER (N. Y.) SAVINGS BANK offers new accounts for \$1.25—a cent for each year of its life—to babies born in Monroe County in 1956. More than 1,000 of these accounts were started during the first six months of the year.

The bank sends a letter to new parents outlining the offer, which is good for 90 days. The message begins with congratulations, then says the new account has been entered in a specially designed bank book that bears the infant's name and birthday in gold on the front cover.

Ad on Diner Menu

THE back cover of the Pennsylvania Railroad's menu card now (CONTINUED ON PAGE 130)

OLD fashioned **BARGAINS**

"SUMMERTIME . . . and the Living is EASY" - When You Think . . . FIRST! Take advantage of these Regular Bargains in the most Popular Merchandise of all . . . MONEY!!

BOAT LOANS

Only \$6.00 per year

SPORTING GOODS LOANS

Only \$6.00 per year

VACATION LOANS

Only \$6.00 per year

PERSONAL LOANS

Only \$6.00 per year

Tulsa's First National Bank and Trust Co. occasionally runs a "department store" ad featuring "bargains." Rates are offered on a wide variety of bank services: loans, travelers checks, custody

Amount of Loan	Our Charge for 12 mos.	Yearly Payment	12 Monthly Payments
100.00	6.00	100.00	8.83

BANKS and PEOPLE

Stories That Make News

Banker Invents "Comfort Clock"

THE banker who added one word to the dictionary not only has another candidate for that book, but is also the inventor of a unique clock that measures your comfort.

He's Osborn Fort Hevener, assistant head in the public relations department of The First National City Bank of New York. His contributions to the American language are "humiture" and "humit." The former, admitted last year to the Funk & Wagnalls *New Practical Standard Dictionary*, is defined as the mean between temperature and humidity. Thus if the temperature is 70 degrees and the humidity 50%, the humiture is 60.

"When I married degrees temperature to percent moisture," Mr. Hevener told BANKING, "I realized that I needed a new word for the result. Thus 'humit.' The symbol for it is ϕ ."

Mr. Hevener has been assured a patent on his weather clock. It looks

"Banks and People" is by JOHN L. COOLEY of BANKING's staff.

like an ordinary timepiece, but differs from all existing instruments that measure temperature and humidity in that it uses a common scale for both degrees and percentages. It has two hands starting from the center of a circular dial, one marked Temperature, the other Humidity. A third hand, Humiture, always stays equidistant from the other two.

"Humiture" was invented one sweltering day, some years ago, while Mr. Hevener was commuting between his New Jersey home and the bank in New York.

"It's not a measure of heat or moisture alone," he says. "It's a comfort reading, in one figure instead of two."

Just recently a radio station in the New York City area started giving humiture readings every half hour. TV has picked it up, too, and



The "weather clock" gives direct readings of "humiture" in "humits," two words created by Mr. Hevener. Ideal humiture, he says, is 60 to 70 humits. The new comfort norm is now widely used in press, TV and radio

it's slowly spreading across the country. Chicago, Duluth, and Richmond, Va., listeners are now familiar with the new invention.



Mr. Hevener

Director's Fee

THE Bank of Virginia, in Richmond, says it really happened.

A small boy recently noticed the confusion of a woman shopper near a new office of the bank.

"May I help you, 'mam?'" he asked.

"Perhaps," she replied. "Do you know where The Bank of Virginia is?"

"Follow me," directed the youngster.

After being conducted to the bank's door, the shopper offered her thanks and began a search for a coin.

"That'll be 25 cents, 'mam,'" her guide announced crisply.

In a tone of mild protest, the woman inquired if such a fee wasn't a bit high.

"No, 'mam, not for a bank director," was the emphatic answer.

Bank Makes Community Service Award

AN award of merit for outstanding community service has been given by a Long Island bank to a cop.

The Security Bank of Huntington, N.Y., presented a plaque to Detective Lieutenant William Van Sise during "Huntington Night" festivities at a Brooklyn Dodgers-St. Louis Cardinals ball game at Ebbets Field.

Lt. Sise, in apprehending an escaped mental institution patient, was seriously wounded by a close-range shotgun blast. The award for his valorous deed was the idea of George A. Heaney, president of the bank, who plans to make similar recognition of community service an annual event.

The Town of Huntington sent 3,000 folks to the ball park the evening the plaque was presented. On the field before the game as players watched, Huntington Police Chief Ray Leighton and Supervisor Joseph Cermak gave the shield-shaped engraved award to their heroic fellow townsman.

"Presented to Lieutenant William

Bank President George A. Heaney gives the Community Service plaque to Police Lieutenant William Van Sise



Van Sise for outstanding service to his community, June 19th, 1956, by the Security National Bank of Huntington, New York," said the inscription.

Mr. Heaney says the award was established to inspire and encourage citizens' volunteer efforts that benefit the American home and community.

Bank President to Sell \$2 Tickets at Track for Charity

WHEN Arizona Downs, half-mile race track on the outskirts of Phoenix, starts its next meet, patrons may be a bit startled to find tall Carl A. Bimson, president of the Valley National Bank, selling

pari-mutuel tickets at a \$2 window on opening day.

Mr. Bimson's services at this rather unusual post will be in a good cause—the Arizona Society for Crippled Children and Adults. A few weeks ago he and several other Phoenix businessmen agreed to auction their talents at a benefit dinner that netted the Society \$6,000.

Each executive offered two hours time which the highest bidder could use "for any legitimate purpose." As a result Mr. Bimson will be selling pari-mutuel tickets; Walt Ditzen, nationally-known syndicated columnist, had to illustrate ads for a local department store; and the city's leading auto dealer had to sell cars for a competitor.

The bidding for the services of the Phoenix businessmen ranged from \$50 to \$300. The top sum was realized for Mr. Bimson's stint.



Carl A. Bimson

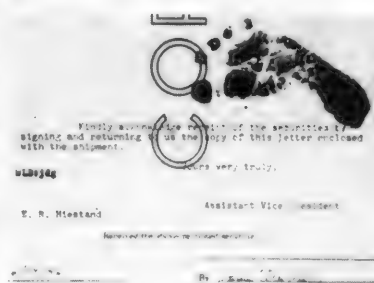
Bank Gets Footprint Signature on Receipt for Baby's Stock

BUSINESS in the securities accounting department of Harris Trust and Savings Bank, Chicago, broke from its routine pattern recently. An 11-day-old boy was responsible.

Assistant Vice-president E. R. Hiestand had sent a Hammond Organ Company stock certificate to the young man, with the bank's usual receipt for securities. Back came the paper, signed with a footprint. A letter said:

"I am dictating this communication to my mother, who is acting as my secretary for the present, and receipting your communication with my mark . . ."

"P.S. Please tell Mr. Hammond that my eyesight is not sufficient to appreciate the aesthetics of his stock certificate art, but that his ink is delicious."



Orlando Banks Lend to Teenagers

"Confidence" Fund Credit Plan Demonstrates Faith in Young Folks

TEEENAGER Tackles Time Payments Plan" read the 5-column headline in the *Morning Sentinel*, Orlando, Fla.

"Verna Story's name is on the credit side of the teenage ledger," wrote Edee Greene, woman's editor. "She's the first of a list of local high school students out to prove bankers can depend on youth."

The article explained that Verna had made "a \$40 deal with The Teenage Confidence Fund," the \$2,000 kitty established by The First National Bank and the College Park National Bank of Orlando to provide pupils with money to meet emergencies.

The program, borrowed from the Miners National Bank of Shenandoah, Pa., demonstrates the faith of business in young people and teaches the students some facts of business life.

Vice-president Roy H. Gibbs of the First explains that each board

First National
Vice - president
Smith gives Verna
Story her time
payment passbook



set up a \$1,000 revolving fund for the use of the students at the two leading high schools.

Loans Up To \$50

"These young people, with the approval of their parents can borrow up to \$50 for any useful purpose and liquidate the loan on an installment plan," he says. "Under the leadership of George E. Smith, vice-president of the First National, and of Harold Moore at the College Park National, these plans are working out successfully."

Good relations with both parents and pupils, and the general public, are evident in the large number of

congratulatory letters and phone calls."

Loan applications are screened by a student board, with the assistance of the banks' officers. Verna Story used the proceeds of her loan to buy clothes for her recent graduation.

Accepts Challenge

"By taking out Loan No. 1 under the Teenage Confidence Fund Plan," said the *Sentinel's* feature, "Verna accepts the challenge of proving the majority of Orlando young people are sincere and dependable. Her step has the approval of her parents, school, and the banking fraternity."



A GLASS OF MILK, A BITE OF CHEESE . . . ON THE BANK

Milk and cheese were free for the asking at First National Bank of Humboldt, Iowa, a couple of days this summer. Bank president B. P. St. John wanted to show the community that Humboldt County produces "some of the finest dairy foods," so he set up a dairy bar in the lobby. Two 4-H Club girls helped the staff serve longhorn cheese, cottage cheese and crackers. There were also dairy recipe books for the ladies. The snacks proved very popular; many a farmer, businessman, housewife and youngster stopped by for a taste of the community's palatable products

Equipment Makers Hail A.B.A.'s Common Machine Language for Checks

NEWs that the A.B.A. Bank Management Commission had recommended magnetic ink character recognition as the common machine language for check coding brought quick and favorable reactions from manufacturers of equipment that will motivate the "new era in bank operations."

Soon after the long-awaited announcement, assurances came from companies that they were ready to cooperate in producing the means of processing checks thus coded. They told the Commission, in effect, "We're glad you've reached a decision. Now we can go ahead and turn out the machines to handle checks."

However, several problems remain to be worked out by the Commission's Technical Subcommittee on Mechanization of Check Handling, whose extensive report favoring magnetic ink was published in the August issue of *BANKING*.

What Remains To Be Done

John A. Kley, chairman of the Subcommittee and vice-president of the County Trust Company, White Plains, N. Y., explains that pending matters include the design of the figures to be used in coding, the location of the elements of information on the checks, and other details that will assure the standardization essential to nationwide use of the common language.

The Subcommittee is studying carefully the problem of designing a proper font of type for the coding digits that will appear on the checks. It is important, for example, that such digits as "3" and the "8" be distinctively different to avoid possibility of errors in machine reading.

Placement of the cluster of figures—A.B.A. transit number, customer's account number, amount of check—and the length and number of lines needed will be considered by the Subcommittee in cooperation with check printers and equipment manufacturers.

The decision on a common machine language, in effect, means this: banking asks that all electronic ma-

Endorsing Manufacturers

THE following machine manufacturers have indicated their endorsement of the Commission's action and have expressed a desire to assist in the implementation of magnetic ink character recognition as the common machine language for check handling:

International Business Machines Corporation

Sperry Rand Corporation

National Cash Register Company

Pitney-Bowes, Inc.

General Electric Company

Burroughs Corporation

The Todd Company, Inc.

Addressograph-Multigraph Corporation

The check printing industry, represented by the Bank Stationers Section, Lithographers National Association, has also expressed satisfaction with the decision and willingness to participate.

chinery for check handling, regardless of manufacture, be able to read and process checks coded with figures printed in magnetic ink.

However, this does not preclude development of a wide variety of processing machines by competing manufacturers; that, indeed, is being done. But the equipment would have one common feature: ability to read the common language.

Until now, research by the manufacturers has been proceeding along various lines. Some companies, for example, have been interested in the use of fluorescent ink dots; others have experimented with groups of lines in magnetic ink; still others with figures in regular ink.

The magnetic ink technique, said the Subcommittee in its report, "in principle employs the salient features of both character and pattern recognition.

"Data are printed in Arabic characters in almost conventional style except that magnetic inks are used. Printing in magnetic ink overcomes problems of obliteration and mutilation which belabor optical character recognition systems and the close tolerance requirements of pattern systems. Hence the system offers all the advantages of both systems."

Factors considered in establishing the basis for evaluating the various

machine languages were accuracy, tolerances, printing, verification, costs, format, mutilation, and obliteration. The report gave the advantages of magnetic ink on each count.

The row of small printed figures that will appear on the checks is the heart of the electronic processing system. These are the digits the machines will read, accurately and at spectacular speeds, and then prove, sort, and post. Indeed, it may be said that a check can move through the bank "almost untouched by human hands."

How It Works

Here is a greatly simplified explanation of the reading process:

As each digit passes under the machine's reading head, the machine checks for the presence or absence of magnetized ink at several points in the area the figure occupies. Inasmuch as no two figures will have ink at all the same points, the machine senses what figure is printed. All this, of course, takes place at an incredible rate of speed.

When the Technical Subcommittee, the manufacturers, and check printers have worked out the remaining details, a specifications manual will be published as a guide for manufacturers and others.

THE CASE FOR A 100% FDIC Assessment Credit

AUGUST IHLEFELD

The negligible losses of the past 22 years are only one factor suggesting such a credit . . . It would make a twofold contribution to bank strength

The author is president of the Savings Banks Trust Company, New York City.

INSURANCE of deposits has contributed to the great strength of the American banking system in several ways. It has buttressed public confidence in banks. It has made timely action possible where bank supervisory authorities discover incipient signs of weakness or unsound practices that can be overcome through preventive or corrective measures.

However, deposit insurance has imposed a considerable burden of expense upon the banks at a time when operating costs have been rising and banks have been making strenuous efforts to build up their capital funds by every available means.

The annual insurance premium initially was 1/12 of 1% of all deposits of insured banks. Because losses proved negligible, the Deposit Insurance Fund of the FDIC grew rapidly, and the case for a reduction in the annual premium became increasingly strong with the passage of time.¹ By June 30, 1950, the Fund exceeded \$1¼-billion, and its income from investments alone reached \$30,000,000 per annum, a sum far larger than all the net losses that have

been incurred by the FDIC from its inception through 1955.

Congress gave heed to the arguments advanced for reducing the cost of deposit insurance to the banks and enacted the Federal Deposit Insurance Act on September 21, 1950. This law relieved the banks of a large proportion of the expense of deposit insurance while amply safeguarding the Insurance Corporation. It continues the assessments, aggregating annually 1/12 of 1% of deposits, but provides that insured banks be allowed a credit of 60% of the FDIC's "net assessment income," which is the assessment income remaining after deduction of insurance losses and operating expenses. In actual practice, insurance losses are estimated each year and forthwith deducted from assessment income. Under the 1950 law, insured banks have been receiving each year a credit of just over 56% of the FDIC assessments.

The Fund Has Grown and Grown

Despite this reduction in payments by insured banks, the Deposit Insurance Fund has continued to grow at a rapid pace. During the five years since the Federal Deposit Insurance Act became law, the Fund has grown by almost \$400,000,000. This rapid growth has resulted from the negligible size of insurance losses incurred, the growing investment income earned by the Fund, and from

the addition each year to the Fund of 40% of the net assessment income of the FDIC.

Deposit Insurance Losses

The amount of funds required by an insurance institution is determined primarily by the risk exposure to which it is subject. The extent of this risk exposure is indicated in the first instance by its loss experience.

During the 22 years 1934-1955 the FDIC paid out a total of \$337,700,000 to protect depositors in 429 insured banks. Of these banks, 249 were liquidated and their insured deposits paid off by the FDIC. The other 180 banks were aided through loans or purchase of substandard assets, following which their deposit liabilities were assumed by solvent banks.

By the end of 1955 the FDIC had recovered \$304,000,000 of the funds thus paid out, either through liquidation of assets taken over or by repayment of loans. The Corporation expects to recover another \$4,400,000. Taking into account interest collected on loans, the Corporation's net loss arising from deposit insurance during the whole of its 22-year history has been under \$20,000,000.

Investment Income of FDIC

With the increase in its annual investment income, the FDIC becomes less dependent upon assessment income for future additions to the Deposit Insurance Fund.

When the Federal Deposit Insurance Act was passed almost six years ago the investment income of the FDIC was running at an annual rate of \$30,000,000. It is now over \$40,000,000 a year. This sum is added to the Deposit Insurance Fund in its entirety, since both expenses and insurance losses of the Corporation

¹ See August Ihlefeld, "Reducing the Bank Deposit Insurance Premium," in the *Harvard Business Review* for July 1949, pp. 438-448.

are deducted from assessment income.

All the Corporation's net losses to date have thus amounted to only half the investment income it now earns and retains in a single year on its holdings of \$1.7-billion of U. S. Government securities.

Insurance or Liquidity Fund?

Insurance of bank deposits by the FDIC involves two types of possible calls upon its resources which, though related, are of different character.

First, the Corporation is required to pay out insured deposits as soon as possible after an insured bank has been closed. In the alternative, it may make loans to, purchase the assets of, or make deposits in an insured bank to prevent its closing. Experience has shown that the bulk of such disbursements is subsequently recovered.

Secondly, the Corporation must absorb as net losses the portion of such disbursements not ultimately recovered.

This distinction between temporary and largely recoverable initial disbursements and permanent ultimate losses suggests that, in measuring the adequacy of the FDIC's resources to fulfill its deposit insurance functions, its power to borrow—never used to date—should properly be taken into consideration.

The Deposit Insurance Fund must always be more than adequate to absorb prospective ultimate net losses. To go far beyond this point in building up the Deposit Insurance Fund is to superimpose on the "insurance fund" what is, in a sense, a "liquidity fund." The FDIC could logically use its power to borrow should extraordinarily heavy temporary disbursements become necessary to purchase the assets of or make loans to insured banks. The Treasury is authorized by law to make loans to the Corporation up to an aggregate of \$3-billion for insurance purposes. Funds could be borrowed from banks, if that is preferred.

Disbursements of the FDIC for the protection of depositors and to facilitate the termination of bank liquidations amounted to \$337,700,000 in the entire period 1934 through 1955. These disbursements, it is now known, will result in an ultimate net loss of not quite \$20,000,000, or only 5.8%. The adequacy of the Deposit

Insurance Fund relates more to the \$20,000,000 of net losses incurred than to the \$337,700,000 of initial disbursements. At the end of 1955 the Deposit Insurance Fund was 82 times this net loss incurred by the Corporation during its entire history.

Losses that would be incurred in the liquidation of substandard assets under adverse economic conditions would doubtless run at a much higher ratio than that experienced by the FDIC in the past. But even on the extreme assumption of a loss ratio as high as 50%, the present Deposit Insurance Fund would suffice to absorb net losses on over \$3-billion of bank assets or loans. This would be 10 times the disbursements made throughout the 22 years the FDIC has been in operation.

Prospects of Future Losses

It is true that most of the period in which the FDIC has operated has been characterized by prosperity and a rising price level. The Corporation must be prepared to cope with less favorable economic conditions in the future.

Future deposit insurance losses will be determined ultimately by the strength of the individual insured banks. As the banks have expanded their loans and reduced their holdings of U. S. Government obligations during recent years, added risks have been incurred. However, the banks are building up their capital funds and reserves to provide a more ample cushion of their own to absorb possible future losses.

Insured commercial banks increased their capital accounts by \$730,000,000 in 1955 alone. Over the past 10 years the capital funds of insured banks have risen by nearly 75%.

At the same time these banks are building up valuation reserves to absorb losses on loans, their most vulnerable major asset. Such reserves, deducted from taxable income under Treasury regulations, now exceed \$1¼-billion. In addition, valuation reserves for investment losses and contingency reserves provide additional buffers to absorb future losses.

The merger movement has added to the strength of the commercial banking structure, particularly where banks absorbed have been below average in capital resources and quality of management.

The risk of larger future losses

to the FDIC is lessened further by the close supervision it exercises over insured banks with a view to discerning and correcting weaknesses and unsound practices before they lead to trouble. An annual examination is made of each insured bank that it not a member of the Federal Reserve System, and the Washington staff of the FDIC reviews the Federal Reserve's examination of member banks. Where unsound conditions are known to exist, more frequent examinations are made.

If examination reveals unsound banking practices they are usually corrected through conference with officers and directors of the bank. Should criticized practices persist, the FDIC is required by law to institute proceedings for the involuntary termination of the insured status of the bank. Seven such proceedings were started last year.

Since its inception the Corporation has taken action to terminate the insured status of 170 banks. In the large majority of these cases correction of the practices complained of, or absorption by other banks of the banks criticized, followed.

Preventive action is even more essential in limiting losses in bank deposit insurance than in fire and casualty insurance, where preventive measures often lead to a sharp reduction in the premium charged for insurance.

A 100% Assessment Credit

The negligible losses incurred in Federal insurance of bank deposits over the 22 years it has been in force, the large insurance fund accumulated by the FDIC and the substantial investment income being earned thereon, the building up of the capital and reserves of insured banks, and the preventive measures taken by the FDIC to limit future insurance losses build a strong case for a further reduction in the cost of deposit insurance to the banks.

This can be effected readily through a simple amendment to the Federal Deposit Insurance Act to increase the percentage of credit allowed insured banks. The record would justify an increase in this credit from 60% to 100% of the "net assessment income" of the FDIC.

Such action by Congress would
(CONTINUED ON PAGE 150)



The lobby of the First National Bank of Jackson, Ohio, became a schoolroom when 23 foreign bankers were joined by their Ohio counterparts to study farm credit as it is handled in the United States. Speaking to the group here is Charles F. Bruny, president of the bank

Foreign Relations with a Country Bank Flavor

Agricultural bankers from 12 countries visit Jackson, Ohio, and everybody learns . . .

O. E. ANDERSON

The writer is secretary of the Ohio Bankers Association.

CAN a farmer in Indonesia . . . or Bolivia . . . or Israel expect his local banker to meet his credit needs in the same way a U. S. banker would meet the needs of his farm customers?

The First National Bank of Jackson, Ohio, has been helping supply the answer to that question, not

only for Indonesia, Bolivia, and Israel, but for nine other foreign countries, as well.

The Jackson bank, widely known as one of the leaders in the intelligent extension of agricultural credit, served as host, from July 23 through 27, for 23 representatives of banks and financial institutions from 12 countries. The Ohio bank's purpose was to demonstrate just how the banker-farmer job can and is being done in the United States of America.

The week-long visit by the intensely interested foreigners was

part of a 4-month tour arranged by the International Cooperation Administration and the U.S. Department of Agriculture. Its purpose was to give the group of carefully selected, influential international visitors an opportunity to learn how credit is made available to American farmers and to determine what essential features of this nation's credit system might be applied to advantage in their homelands.

Six members of the group were from the Philippines, four from Guatemala, three from Indonesia, two from Bolivia, and one each from the Republic of China, Ecuador, Germany, Greece, Israel, Pakistan, Thailand, and Turkey.

All are college graduates, with training and experience in banking
(CONTINUED ON PAGE 140)

RIGHT: Leon M. Evans (*left*), vice-president and agricultural specialist of Jackson's First National, with three of his foreign guests. Farm tours were held almost daily to demonstrate some of the points under study



LEFT: That hands speak any language is shown by this animated conversation between Seward D. Schooler (*left*), president, Coshoc-ton (Ohio) National Bank, and Demir Iyriboz, Turkish banker



BELOW: Three bankers from the Philippines—Adriana Almeida, Honesto Francisco, and Bartolo Bongeo—hold a discussion in the First National's lobby with President Robert Will of the Vinton County National Bank of McArthur, Ohio



The Director's Responsibility to the Trust Department

Regulations, Common Sense Call for Close Supervision

HERBERT BRATTER

This article is one of a series, which began in April, treating of the entire range of directors' interests. The series is being prepared by MR. BRATTER, who writes from Washington, in close collaboration with the staffs of the various supervisory agencies—this month, in particular, the Comptroller's Office.

TRUST services, although of great importance to the bank's customers and to the community, are very often among the less remunerative of a bank's activities. For this reason, perhaps, there is sometimes a tendency for directors to give the trust department less attention than it deserves. A trust department should receive, if anything, the closest possible supervision. This is the responsibility of the directors. In the case of national banks this is spelled out in the Federal Reserve Board's Regulation F, sections 6 and 8.

Regulation F specifies directors' responsibilities as including investment of trust funds and their disposition, determination of policies, review of the actions of all committees appointed by the board for the conduct of the trust department, prior approval or ratification of the acceptance, approval or ratification of the closing out or relinquishment of trusts, and the recording of all such decisions in the minutes. The composition and duties of the trust investment committee are set forth. At least once a year examination of the trust department by a committee of nonofficer directors is required, to make sure that the purposes of the trusts are being carried out in conformance with the regulation.

Such examining committee is required to report to the board in writing. The board is, in turn, required to consider such report and recommendations along with the latest report of the examiner of the supervisory authority, and to take steps to correct any criticized matters, noting its actions in the minutes.

Comptroller's Handbook

Directors of any bank, national or state, would do well to note carefully what steps the Comptroller of the Currency expects directors of national banks to take, or have taken in their behalf, in making periodic examinations of the trust department. These steps may be found in the Comptroller's handbook, *Duties and Liabilities of Directors of National Banks*, paragraph 40. Examination of the trust department differs, of course, from that of the rest of the bank, the bank holding title to property and exercising the duties and responsibilities of ownership without the benefits. In the management of its trusts the bank, therefore, must protect the trust beneficiaries and at the same time safeguard itself from the penalties of inadequate performance.

The Office of the Comptroller has on various occasions pointed out the character and degree of supervision required of a board of directors. To assure a soundly managed trust department calls for a high degree of technical competence and much work, frequently so time consuming as to seem out of all proportion to the earnings from fiduciary business. Proper supervision by the directors involves careful review of all fiduciary activities, conformance to special

requirements set forth in trust agreements and wills, formulation of prudent investment policies, and the keeping of adequate records. Inadequate attention to supervision of the trust department, merely because it is a subsidiary activity of the bank, sooner or later may lead to costly difficulties and bad publicity, and to individual liability to the directors.

The task assigned to the trust committee is one which should be done thoroughly and completely; and it should be assigned to competent persons. Directors should not undertake the assignment unless they are prepared to carry it out. One Washington banker states: "We pick three men with three different viewpoints. The committee must not become stereotyped. That, in fact, is one of the arguments against the common trust. Each trust in our trust department gets not only individual attention but individual treatment. The trust committee reviews portfolios at least yearly."

Trust Committee Member

A director serving on the trust committee assumes special responsibility. Whether he is subject to a greater degree of liability than directors who are not members of the trust committee seems not definitely settled. According to Robert C. Masters, assistant director of the Federal Reserve Board's Division of Examinations, there is no question but that directors on the trust committee have additional duties and responsibilities calling for a higher degree of care and diligence. This is especially true because directors, being chosen for their community reputation and thereby engendering

public confidence, owe it to the public to supply the implied protection.

Mr. Masters is the author of a Graduate School of Banking thesis, *The Application of Group Judgement in Trust Administration*. It is axiomatic, he states, that directors selected to serve on the trust committee should be men of probity and character, demonstrated ability, courage, and vision. They must be both willing and able to devote the necessary time to the committee and to direct, not be led, coerced or dominated. In addition to a nucleus of directors selected for their special suitability to trust committee work, the remaining directors should be appointed to this committee, one or two at a time, for a period long enough to give the rotating members a close-up picture of the trust department, its problems, and its administration. The more the whole board of directors knows about the trust department, the better equipped it will be to carry out its responsibility.

Accepting Appointments

In considering preferred fiduciary appointments bank directors are well advised to be guided by the A.B.A.'s *Statement of Policies for the Acceptance of Trust Business*. Directors should accept trust business with thought and care and not as a matter of expediency. They should give attention to the need for the requested service, the practicability of instrument provisions, and the opportunity to earn a reasonable profit. Fees should not be cut for officials or their friends; deals in exchange for other business should be avoided.

In supervising their trust departments bank directors encounter a variety of problems. For example, funds awaiting investment should not be held unduly long. The trustee does not earn its fee by putting an estate's funds in a savings account. Special care must be exercised to keep the operation of the trust department quite separate from the bank's other departments. For example, trust funds should never be lent to officers or employees of the bank unless under the authorized direction of the grantor; nor should trust property be sold to them, their relatives or to the bank itself, even at public auction. The bank's commercial department should not sell real estate loans to trusts, although

the commercial department may process a real estate loan for the trust department.

Every trust investment committee should use outside investment counsel. Diversification of investments is always advisable, although presenting a problem when the family's control of a business is involved. Not only is investment concentration undesirable from the standpoint of a single trust fund; but holdings of a number of trust funds in a single company may confront the trustee with management responsibilities which may add to its work. Again, a testamentary trust involving a general partnership may make the bank liable for debts of the partnership in case of insolvency.

For Small Banks

For the benefit of small banks the A.B.A.'s Trust Division has a special publication, *Investment Supervision and Review Procedures for Smaller Trust Departments* (25¢). It gives detailed advice on the selection, indoctrination, and functioning of the trust investment committee and on account review procedure. It contains a useful model of an account synopsis and of a columnar work sheet showing typical entries for a hypothetical trust account. The pamphlet recommends that each member of a trust committee regularly read the A.B.A.'s *Trust Bulletin*; also the independent per-

iodical, *Trusts and Estates*. Trust articles, moreover, are carried regularly in *BANKING*. Members of trust investment committees are also urged, whenever possible, to attend conferences in the trust field.

Simple Procedures

"In exercising its investment management function the smaller trust department should avoid the counsel of despair by doing little or nothing and the almost equal evil of attempting too much," states the A.B.A. Trust Division. "It should set up simple procedures for the housekeeping of its problem by systematic review of major holdings by securities, the reduction of the scope of its job by the vigorous elimination of unnecessary holdings, and control of the application of its investment policies by the regular review of its individual trusts.

"The trust officer should reduce his problems to simple dimensions by providing himself with the basic tools of the trade, organizing the work so that detail can be handled by intelligent but untrained clerks or typists, and bringing before the trust investment committee the concise facts together with his recommendations. Such an orderly procedure can accomplish a good investment result consistently, without the need for an elaborate supporting organization, and reflect credit upon the bank."

Basic Tools in BANKING

AUTHORITIES in the trust field contribute timely articles to *BANKING* each month. In this issue, for example (page 50), is an article on "Pension and Profit-Sharing Plans" by H. T. Etheridge, Jr., chartered life underwriter, El Paso, Texas.

Ralph W. Hemminger, vice-president, Bankers Trust Company, New York, will write an article for the October issue based upon his bank's recent 177-page *Study of Industrial Retirement Plans*. Mr. Hemminger was in charge of the Bankers Trust's 1956 edition of this study.

A monthly series of 12 articles by William J. Bowe, professor of law, Vanderbilt University School of Law, Nashville, Tenn., will begin in the November issue of *BANKING*. The subjects to be covered by Professor Bowe will include "Revocable Trusts"; "Trusts to Save Estate Taxes"; "Trusts to Save Income Taxes"; "Marital Deduction Trusts"; "Insurance Trusts"; "Trusts for Minors"; "Family Charitable Trusts"; "Trusts with Retained Powers"; and "Business Trusts."

The Bowe series of articles is one that trustmen will not want to miss. The author's standing with the legal profession and with educators is attested by the fact that he is chairman of the Draftsmanship Committee on Wills and Trusts of the Probate Section of the American Bar Association and that during the summer of 1956 he conducted a 5-day Estate Planning Conference at the University of Colorado School of Law, Boulder.

Professor Bowe is the author of *Tax Planning for Estates, 1955 Revision*; *Life Insurance and Estate Tax Planning*; and *Income Tax Treatment of Life Insurance Proceeds*. Since August 1955 he has contributed four articles to *BANKING* on estate planning subjects.

GOVERNMENT BONDS

Greater credit demand expected . . . Government market lower . . . Treasury refinancing not popular . . . OMC sells bills . . . Corporations absorb Treasury paper

MURRAY OLYPHANT

Now that the steel strike is over, practically all comment on the business outlook is decidedly optimistic. Some slight slowdown in the rising tide of output is possible for the July to September period but the fourth quarter of this year is expected to produce new high figures all along the line.

Gross National Product is already running at over \$400-billion. Consumers goods are being taken in record amounts. More people are employed than ever before and—at the same time—savings continue to grow.

There has been no let-up in the demand for credit for business expansion. Plants must be improved and expanded to assure that there will be enough increase in output to prevent the prices of finished products from rising unduly. Already the price of steel has risen between \$8 and \$10 a ton. This forecasts an increase in the cost of everything in which steel is a factor.

Demand for Credit to Be Greater

While the demand for credit is expected to increase sharply in the fourth quarter, the supply remains restricted. Nor is there any way in which the supply can be increased without bringing on an inflationary spiral.

There is also the new Federal highway program. About \$1¼-billion has been made available by the Government for the current fiscal year. Contractors will need money to do their jobs. New loans will be needed all along the line.

Not so long ago there was talk that the Federal Reserve banks in San Francisco and Minneapolis would reduce their rediscount rate

from 3% to 2¾% in line with the other 10 banks. Now it is predicted that the 10 banks may raise their rates to 3% before the year is out. Such a development is a logical expectation.

Government Market Can't Take It

In May—from time to time—rumors that the Federal Reserve was easing its restrictive credit policy and even that the rediscount rate would be lowered had a mildly tonic effect on the prices for Government securities.

In June prices drifted off as the outlook altered and then, in July, when the expectation of tighter money became more certain, prices dropped sharply. By early in August prices had reached or gone below the previous low points recorded in April. Prices of the bonds in the 5- to 10-year maturity range declined 1½ points or more. The longer bonds lost from 2 to 2½ points while the two longest issues were down about 3 points.

There were practically no buyers for the longer bonds. A few pension and state funds still wanted moderate amounts of the longest issues but this demand was small in contrast with the constant continuance of sales as other investing institutions were selling Government bonds in order to get the money to buy good grade corporate bonds at better yields. Plenty of the latter were available.

The Government bond dealers found it inadvisable to make "firm bids" when bonds were offered. Orders for sales were taken largely on a "work out" basis. Quotes were dropped sharply as a result.

The decline was so great that per-

haps some mild improvement could take place temporarily but the outlook for the balance of the year seems to make even lower prices inevitable.

Treasury Refinancing Not Popular

The exchange of about \$12½-billion of maturing issues for a new 12½-month 2¾% note was not very successful. About 18% of the holders of the maturities—other than the Federal Reserve banks—preferred cash to the new issue so that the Treasury had to pay out about \$882,000,000 on August 15.

Not only that but the new 2¾% notes failed to maintain their market at 100. By August 6 they could have been bought at 98 to yield a little more than 2⅞%.

The Treasury might have been a little more generous in its offering, either by shortening the maturity or by putting on a slightly higher rate for the 12½-month period, but either might not have made much difference. So general was the belief that higher rates were in prospect that "let's wait and see" was the prevailing sentiment.

New Cash Financing

Faced with the necessity for paying off the \$882,000,000 of unexchanged maturities and the payment of \$982,000,000 in 2¾% bonds called on September 15 without any exchange privilege and to offset the deficits in July and August, the Treasury offered \$3-billion of new tax anticipation certificates on August 6.

These were dated August 15, will mature on March 22, 1957, and—as usual—can be used to pay taxes on March 15 with interest to maturity.

Commercial banks were allowed to subscribe to the full extent of their combined capital, surplus, and undivided profits and to make payment by credit to Treasury tax and loan accounts to the extent of 80% of their allotments.

This assured a substantial oversubscription, as banks have found the credit to tax and loan accounts profitable in the past. As a rule they are able to dispose of their allotments in due course by selling to corporations. Corporations did not appear to be heavy subscribers, preferring to wait and get what they needed later on rather than pad their subscriptions at the time of the offering.

There was a substantial oversubscription as allotments were only 29% of accepted subscription but the market was immediately quoted at 99 30/32.

The rather large purchase of bills by the Open Market Committee in the first week of July resulted in a temporary period of somewhat easier money conditions. Subse-

quently the float remained higher than normal and as money returned from circulation to the banks the OMC began to push bills back to the market. By August 1 the bill holdings of the Federal were down to \$529,000,000, off nearly \$450,000,000 from July 4. All repurchase agreements were wiped out.

It seemed quite clear that there had been no change in the Federal Reserve policy in the direction of greater ease and that the decline in the bond market was not affecting the policy at all.

Bank Borrowings and Negative Reserves

During July the member banks were able to lower their borrowings from the rediscount windows at the Federal Reserve banks. These fell below \$500,000,000 for some time.

For a few days "negative" reserves dropped to less than \$40,000,000 but by the first of August had risen to about \$200,000,000, an amount considerably lower than in previous months.

It looked as though the banks were making every effort to get out of hock. They sold Government issues to do so. It also looked as though this was a temporary state of affairs which would last only as long as the demand for loans remained moderate. It will not be long before the normal seasonal upturn in loans will make it necessary for the banks to resort to the rediscount window again.

Loans Off Very Little

Gross loans declined about \$631,000,000 from June 20 to July 25 but it must be kept in mind that the commercial loans of the reporting member banks rose almost \$2¼-billion in the first six months of this year, which was just about double the rise in the same period last year. The decline after June 20 was much less than had been expected, while the prospect seems to be that the balance of the year may see a rise even greater than for the last half of 1955.

(CONTINUED ON PAGE 126)

INVESTMENT MARKETS

H. EUGENE DICKHUTH

DEMAND for investment securities was fairly evenly spread in recent weeks. The showing for the first half of the year was excellent. Underwritings of corporate securities were almost \$4-billion, about \$700,000,000 more than in the first six months of 1955. Most of it, however, was accounted for by the \$657,900,000 of Ford Motor securities.

There were other notable developments. The Securities and Exchange Commission tightened its rules on penny stocks. There is little the SEC can do about phony promotions except ask for facts and plenty of them in substantiated form. High pressure market tipsters are at work again.

The spotlight has been on uranium so far as penny stocks are concerned. It has given that metal a black eye, generally, which it does not deserve. Other ores are involved as well.

IN the field of world finance, the International Bank for Reconstruction and Development finally gave birth to a new affiliate, the International Finance Corporation, headed by Robert Garner as president.

Other developments in the foreign investment field included the establishment of stock depository arrangements which enable American investors to partake in earnings overseas. One was organized by J. P. Morgan & Co., Inc., New York, for a large Italian chemical and mining company, Montecatini Societa Generale per l'Industria e Chimica Anomina.

A similar arrangement was made by Guaranty Trust Company of New York. It established a depository re-

lationship with Barclays Bank, Dominion, Colonial and Overseas. Depositary receipts are issued against the underlying securities which are kept in Africa.

Such arrangements have proved to be quite fruitful in the past. For example, when the Nazis invaded Holland, many Dutchmen were shareholders in American industries via bearer certificates. The underlying securities were in the United States, however, and looting and sequestration was thus impossible.

The steel strike did very little to impede the securities' market, but nationalization of the Suez Canal by President Nasser of Egypt had an unfavorable effect on oil shares. Some of the largest oil reservoirs are located in Arabia and in the Middle East generally and the securities of the companies operating there are vulnerable to any political and economic development.

New financing in July dropped below the level of preceding months, but it was above the comparable 1955 schedules. Public offering of new bonds totaled \$1,082,609,000 in July. The feature for the period was a \$250,000,000 American Telephone and Telegraph 3% debenture flotation.

Thus, new bonds marketed in the first seven months of the year amounted to more than \$7.5-billion, against \$6.2-billion in the corresponding period of 1955.

Stock issues totaled about \$539,000,000, compared with \$466,000,000 in the first seven months of 1955. Equity financing so far this year was the largest for any such period since 1952 when \$733,000,000 of new stock issues reached the market.

How Communities Are Filling in Their Blueprints for the Future

ROBERT A. LOVE

DR. LOVE is a nationally known authority and consultant to private industry on problems of management and administration. Author of several books and articles on various economic subjects, he holds a full

professorship at the College of the City of New York. The earlier articles on the industrial development efforts of states and communities throughout the nation appeared in July and August BANKING.

WHAT should be the role of banks and bankers in the rapidly growing industrial development programs? What opportunities for leadership by bankers, for expanded services from banks, are present in the new competitive effort to attract plants? What responsibilities does that effort place upon bankers? Answers to these questions are to be sought in four aspects of industrial development activities. These are: credit and financing, site control, general administration, and taxes (variations and concessions).

Credit and Financing

Bank Credit: Developmental activities aim to encourage expansion of existing factories and attract new plants. Both bring demands for ordinary bank credit. While the response of local banks to these requirements may vary in proportion to the alertness of local bankers and may depend on available resources, we may nevertheless proceed on the assumption that bank credit is obtainable by qualified borrowers. That the availability of ordinary bank loans does not dispose of the problems of financing industrial development, however, becomes abundantly clear from an analysis of the problem.

Additional Credit: Several factors combine to support the demand for credit beyond that available through

ordinary bank loans. Basic of course, are regulations and credit standards that restrict bank loans for the protection of depositors. Bankers are the first to point out that as a consequence of these restrictions ordinary bank credit stops short of meeting all financial needs of business. Leading bankers who have pioneered in setting up development credit corporations have underlined the legitimacy of requirements beyond those which can be met through bank loans.

They emphasize the need for venture capital, for loans in amounts too large for a single local bank, or extending over a longer period than is possible in bank loans. A new company may qualify for a short-term nonbank loan based on earning potentials, even though its past record and current statement would not meet bank standards and the scrutinizing inspection of bank examiners.

It is clear also that the purpose of development agencies in granting financial assistance to attract industry differs from that of a bank. The latter must be concerned primarily with the safety of principle, the certainty that interest payments will be collected. The industrial development agency is seeking primarily the benefits of increased employment and augmented purchasing power. Motivation of financial assistance to attract an industry is, therefore, similar to that accounting for the use of credit to accomplish sales of high profit merchan-

dise. Strong arguments are advanced in support of the claim that the benefits of increased payrolls justify using capital advances to attract new industries.

A possible attitude toward this entire problem came at the conclusion of a recent meeting of bankers who gathered to discuss an industrialization program underway in their region. Banks, they concluded, were already extending credit to everyone who qualified for loans. Accordingly, no action on their part was called for. Sober reflection, together with a knowledge of current developments, will lead the thoughtful banker to see the danger of this attitude and of the corollary lack of participation in development programs. In most communities there is a preponderance of opinion that industrialization is beneficial. Many are committed to the idea that benefits to the community as a whole justify expenditure of funds to attract plants, and capital investments or credit advances are widely used for this purpose.

Analysis of local industrial foundations, state development credit corporations, and activities under governmental auspices will serve to indicate types of agencies now active in the field, point up important problems, and clarify the nature of decisions and action inviting participation by bankers.

Local Industrial Foundations:

Properly included here are the various community groups known under this title or designated as industrial development corporations or committees, or operating under the local Chamber of Commerce. Although privately operated, most such agencies receive the official sanction of municipal authorities.

The Role of Banks and Bankers in Community and State Industrial Development Programs

Recent years have witnessed a rapid increase in local development corporations, with the result that they are now found in many small communities as well as in larger cities. Nebraska, for example, reports 22, New Hampshire 30, and Wisconsin 100 local corporations devoted to development.

Collection of funds to be used for attracting plants is a common function of these local bodies. A significant fact is that subscriptions to stock and donations come largely from businesses that stand to profit from industrial expansion. From origin, therefore, funds are obtained as venture capital. Disbursements are approved to cover operating expenses, costs of studies, outlays for purchases or control of buildings and sites, and even direct subsidies—all ventures in anticipation of benefits to accrue from industrial expansion.

By thus basing their operations on venture capital—obtained from sources in a position to supply it—these local corporations place themselves in a position to utilize bank credit or mortgage loans. Arrangements for such credit, as well as decisions on methods of financing, afford opportunities for banker participation in local development activities.

Development Credit Corporations:

Although the first development credit corporation appeared as recently as 1949, this type of agency has already made considerable headway. Legislatures in 10 states (six in New England, plus Kansas, New York, Florida, and North Carolina) have authorized such corporations, and other states have enabling laws under consideration. The successful experience of older credit corporations, especially those in New England, will undoubtedly influence other states to establish such institutions.

*For a concise description, a summary of developments to date, methods of operation and steps in setting up a credit corporation, see a November 1955 brochure issued by the Small Business Credit Commission, American Bankers Association, entitled "Development Credit Corporations."

Based on a recognition of the need for "venture" capital under conditions not justifying ordinary bank loans, the corporation is established to provide loans without the restrictions imposed on commercial banks. The corporation is accordingly able to extend long-term credit and capital, where repayment is assured, to an enterprise that promises to be of value to the community, even though the business cannot qualify for a bank loan.

Proper allocation of the financial burden of this operation is accomplished in the financial structure of the corporation itself. "Risk capital" is provided through stock subscrip-

allocation of financial burdens and responsibilities, and its method of operation go far to establish possible patterns of bank participation in industrial development.

Cash Account

*THAT money talks I won't deny,
It enters every situation;
Yes, money talks, and at our house
Keeps up a running conversation.*

tions by public spirited citizens and companies that hope to benefit from industrial expansion. Backed by this capital, banks proceed to lend money to the corporation. As a result, a fund several times the amount of the capital stock is available in loans designed to stimulate industrial expansion.

While accomplishing a pooling of credit, the arrangement avoids the necessity of each member bank participating in credit decisions. Credit extension is the responsibility of the corporation's staff, not of the individual bank. As a consequence, banking regulations do not restrict the corporation's activities. Bankers, nevertheless, assume responsibility for credit policies and for credit review.

The development credit corporation is worthy of serious consideration as a possible vehicle for bank participation in a statewide program to finance industrial expansion. In addition, the basic philosophy underlying this new institution, its

Government Financing: On the national level, the Small Business Administration justified its lending activities on the ground that funds are provided to sound borrowers who are, nevertheless, unable to obtain loans from financial institutions. While industrial expansion is not the primary objective of such loans, the scope of the agency's activities is sufficiently broad to justify including the Small Business Administration as a factor in industrial expansion. We find here, therefore, a manifestation of Federal Government participation in extension of credit used for industrial expansion.

Mississippi furnishes the outstanding example of government-supplied funds for industrial expansion. Under legislative authorization, municipalities or other local governmental divisions may vote bond issues to finance factory extension or new plant construction. New plants are, in turn, leased to industrial occupants. Louisiana communities operate under a similar authorization.

Thus, actual financing of industrial expansion through intervention of local, state, and Federal governments exists as a pattern which other governmental units may follow. Government assumption of this function by many local bodies will be encouraged unless needs are met through the initiative of private enterprise. Bankers can hardly afford to shirk their responsibilities to participate in decisions on whether the job is to be done by private enterprise or left to government agencies.

(Next month the author will discuss the role of the banker in community development as it is related to site control, general administration, and taxation.)



Paul Partridge, Citizens and Southern National Bank guard, Atlanta, center, explains Eli Whitney's first commercial cotton gin to Jon Cowan, left, and Kay Cowan, right, both of Austell, Ga., while the gin was on display in the C&S lobby

News for Country Bankers

This department is edited by MARY B. LEACH of BANKING's staff.

First Cotton Gin Displayed

ELI WHITNEY's first commercial cotton gin—a priceless collector's item—was displayed for one week in the lobby of the Citizens & Southern National Bank's main office in Atlanta.

The gin on display was discovered in Wilkes County in 1934 after being lost for 140 years. It was delivered to the C&S bank by armored car. Whitney invented the gin while visiting a plantation near Savannah, but the original pilot model is believed to have been destroyed by fire.

Mills B. Lane, C&S president, is making the City of Savannah a gift of the building in which the gin was constructed. The workshop and gin will be housed in a special museum, which will be operated by a nonprofit corporation composed of Mr. Lane and three Savannahans.

Mr. Lane acquired the workshop

outright in which the gin was constructed and took an option on the gin, owned by J. H. Elliott, Atlanta antique dealer.

Lending Policy Statement

A STATEMENT on the bank's lending policy was included in a small folder containing the June 30 condensed statement of condition of The State Savings Bank, Fontanelle, Iowa, a \$2,019,420 institution.

"Bank loans help many people to make progress," said the bank. "But unfortunately, money loaned unwisely has at times put borrowers into debt so deeply that the road out is a long, hard one.

"For these reasons, the connection with a seasoned bank and the advice of the experienced banker are highly important. This is especially evident at times when crop conditions are unfavorable or when a decline in farm income has set in. . . ."

State Savings concludes its policy statement with these promises:

"Those who need funds to see them through the present period, and for other constructive purposes, will find this bank especially considerate of their needs. . . .

"Those who apply for loans have the benefit of our many years of lending experience. They may be sure that their welfare and progress will always be our first consideration."

Posthumous Award to Brown

THE posthumous award of a Treasury Department Minuteman Citation has been made to the widow of A. G. Brown, former deputy manager of the American Bankers Association and director of its Agricultural Commission, in recognition of his volunteer services in behalf of the Lucas County Savings Bond program.

Henry L. Morse, vice-president of the Toledo Trust Company and Lucas County bond chairman, made the award to Mrs. Marian W. Brown as

a token of the Department's appreciation for her husband's efforts in promoting the sale of Savings Bonds to farm families in the area.

"Bigger Profits" Booklet

A NEW 20-page booklet, "Bigger Profits from Better Farming in Minnesota," published by the Minnesota Bankers Association in cooperation with the University of Minnesota and the National Plant Food Institute, is being enthusiastically hailed by Minnesota's country bankers.

This 3-color, generously illustrated publication recommends these practices: (1) Liming and fertilization according to soil tests; (2) promotion of good soil physical condition; (3) use of certified seeds of recommended variety; and (4) control of pests, insects, pathogens, and weeds.

Ten copies of this booklet were sent to each bank in Minnesota. The association has a sizable stock on hand from which to fill quantity orders from banks.

4-H Members Get Calves

A PUREBRED calf was presented to each of six 4-H Club members at the Maine 4-H Fair Show at Windsor Fair Grounds by Claude F. Clement, cashier, First National Bank of Belfast and chairman, Agricultural Committee, Maine Bankers Association. Since 1949, 48 calves have been presented by the association to deserving farm youths throughout the State of Maine.

The 4-H boys are selected on a merit basis by a committee of 4-H Club leaders. Each county leader

COM. CREDIT CORP. FORM 379
SOIL BANK ACT
Acreage Reserve Program

COMMODITY CREDIT CORPORATION
Negotiable Certificate
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WITHOUT INTEREST

DOLLARS \$ _____

TO THE ORDER OF:
ADDRESS:

Specimen

Not valid unless signed and countersigned by Authorized Representatives of the Commodity Credit Corporation and presented within one year from date of issue.

(STATE AND COUNTY CODE AND FARM NO.)

FEDERAL RESERVE BANK OR BRANCH THROUGH WHICH PAYABLE WILL RECEIVE THIS CERTIFICATE FOR IMMEDIATE CREDIT

If this certificate is issued with respect to grain the producer (but not any other person) may obtain payment thereon in grain, in form of cash from Commodity Credit Corporation in the manner provided in regulations prescribed by the Secretary of Agriculture.

COMMODITY CREDIT CORPORATION:
SIGNED _____ (AUTHORIZED REPRESENTATIVE)
COUNTER-SIGNED _____ (AUTHORIZED REPRESENTATIVE)

DO NOT FOLD, SPINDLE OR MUTILATE

Specimen copy of the negotiable certificate which will be issued by the Commodity Credit Corporation to pay farmers in connection with the acreage reserve program. Farmers will be able to cash these certificates at their local banks, since the certificates are payable upon demand at the Federal Reserve bank or branch designated on the face of the certificate

is requested to make a recommendation and from these 16 candidates the winning six are selected.

These registered calves are purchased from leading Maine herds.

Farm Representatives Meet

THE fifth annual meeting of the Association of Bank Agricultural Representatives (Maryland, Virginia, West Virginia, North Carolina, and South Carolina) was held recently in Roanoke, Va. C. Francis Cocke, chairman, The First National Exchange Bank of Roanoke, welcomed the delegates. A. Z. Gottwals, farm credit representative, First National Bank of Southern Maryland, Upper Marlboro, Md., and ABAR president, presided at the sessions.

Dr. Harry M. Love, head, Department of Agricultural Economics, V.P.I., Blacksburg, led a discussion on "The Job Ahead." Murray G. Via, vice-president, First National Exchange Bank of Roanoke, led a

tour of the H. W. Craun farm and of the Firestone & Company Poultry Dressing Plant.

A session devoted to intermediate credit was addressed by Russell L. Upshaw, vice-president, Campbell County Bank, Rustburg, whose topic was "Advantages of Intermediate Credit," and by W. W. Shapard, president, Bank of Halifax, Va., whose subject was "Why Intermediate Credit Is Not Practical." Open discussion followed the prepared addresses.

James W. Dodd, Jr., assistant vice-president, Federal Reserve Bank, Richmond, Va., was the guest speaker at the concluding banquet. Other banking authorities addressed the meeting on a wide range of topics.

L. E. Pettyjohn, manager, agricultural and livestock service department, American Bank and Trust Company, Suffolk, Va., was elected president of the ABAR to succeed Mr. Gottwals. Wayne Corpening, agricultural representative, Wachovia Bank & Trust Co., Winston-Salem, N. C., was elected vice-president of the association.

\$41,022 FFA-4-H Purse

MORE than \$41,022.83 was paid to Future Farmers of America and 4-H Club members by the First National Trust and Savings Bank of San Diego, Calif., at parties at the El Cajon Valley, La Jolla, and Chula Vista branches of the bank. The money was paid to boys and girls for their animals that had been sold at the junior livestock auction at the San Diego County Fair at Del Mar. Also attending these events were 4-H Club leaders, instructors, and parents.

FFA and 4-H Club members who raised animals and sold them at the Junior Livestock Auction at the San Diego (Calif.) County Fair receive their checks from A. Claude Wood, vice-president and cashier, First National Bank of San Diego



Will the Cows Repay the Loan?

LESLIE L. CAMBIER

Although *CHARACTER, CAPACITY, and COLLATERAL* have long been a respected tripartite creed for farm loan analysis, *CAPACITY* has, in many cases, been a "junior partner." Leslie L. Cambier, assistant manager, Springville (N. Y.) Office, The Marine Trust Company of Western New York, in this article suggests one method whereby his bank has extensively used *CAPACITY* as a "senior partner" in dairy credit services.

LIKE nearly all problems in a fast-changing world, credit for dairy farmers requires constant reappraisal. Capital and management needs present to bankers a new challenge to use up-to-date tools, including cash-receipt and operating-

"We use balance sheets to indicate each borrower's present financial position. But more information is desirable—particularly when profit margins are thin. We need to know where each farmer is going financially!"

expense data, in analyzing applications for credit. This is a story of how we at the Springville Office of the Marine Trust Company of Western New York use such tools to predict the future financial progress of dairy farmers whom we serve with intermediate-term credit. In the first half of 1956, we used these helpful guides in extending well over \$200,000 in dairy loans which we expect to be repaid over a period of more than one year.

Dairy credit from our bank, like many others, is based first of all on mutual confidence between the farmer and loan officers. And we use balance sheets to indicate each borrower's *present financial* position. But more information is desirable—particularly when profit margins are

"thin." We need to know where each farmer is going financially!

Credit Analysis

As is so often the case, it took a realization of the farm problem as presented by the farmer himself to awaken us to the seriousness of the need for better credit analysis tools. We received a request for a loan of about \$5,000 from a fine young man handling a 40-cow dairy with only family help. His production per cow had increased steadily and he advised us that the Dairy Herd Improvement Association records indicated a 9,500 lb. average herd. All factors, including a favorable net worth on the balance sheet, were present and only the repayment terms needed to be discussed. We requested the usual one-third of the milk check. His refusal was immediate and emphatic. He offered \$150 per month including interest to which we agreed. But we were puzzled. The amount he would be paying us was about one-tenth of his milk income. Here was a farmer who appeared thrifty, had a reasonable debt load, and possessed what was generally considered to be adequate land and equipment. And yet his accumulation of assets appeared slow in view of the long hours of work necessary to produce nearly 400,000 lbs. of milk annually. Was there something wrong in his management? Perhaps we lacked essential information necessary for reaching a sound decision in this and other credit cases.

So, our bank decided in 1952 to study a group of farm customers to determine why certain dairy farmers were able to meet repayment schedules of the lender and others found it difficult. With such information to guide us, we reasoned we could better estimate risk and, at the same time, help our customers and the community we serve.

Operating Statement

SUGGESTION: Refer to your Federal Income Tax Schedule 1040-F of Farm Income & Expenses to complete statement below.

Income — January 1, 1955 to December 31, 1955.

Sale of Livestock Raised (Col. 1)		Sale of Produce Raised (Col. 2)		Other Farm Income (Col. 3)	
Kind	Amount	Kind	Amount	Kind	Amount
Cattle (In full)	\$ 197 30	Milk Total Lbs. 298,389	\$ 12,645 31	Machine Work	\$ 75 00
Calves	277 11	Other Dairy Products		Wood and Lumber	
Swine		Hay		Work off Farm	
Sheep		Grain		Gas Lease	164 00
Chickens	350 16	Potatoes		Agricultural Program:	187 00
Turkeys		Eggs	725 08	Payments	120 29
Ducks		Meat Products	125 00	Patronage Dividends	73 17
Other (Specify)		Fruits		Milk Co.-Op. Certs.	1,682 73
Hides	5 75	Other (Specify)		Total (Col. 3)	2,302 19
		Swine	397 50	Fwd. (Col. 1)	830 32
Total (Col. 1)	830 32	Total (Col. 2)	13,892 89	Fwd. (Col. 2)	13,892 89
				Total Income	17,025 40

Expenses — January 1, 1955. to December 31, 1955.

		Total Brought Forward	
			\$ 7,899 32
Labor Hired	\$ 370 00	Liability Insurance	55 85
Feed Purchased	3,912 01	Taxes	383 34
Seeds & Plants	201 19	Insurance — Except Dwelling	131 42
Machine Hire	131 60	Interest on Farm Notes — Mortgages	382 96
Supplies Purchased	668 12	Water, Rent, Electric, Telephone	239 90
Cost of Repairs & Maintenance	1,012 22	Rent of Farm, Pasture & Land	100 00
Breeding Fees	300 00	Freight, Etc.	3 27
Fertilizer & Lime	525 68	Auto — Farm Share	206 88
Veterinary & Medicine	259 15	Depreciation (\$3,701.50)	
Gasoline — Fuel for Farm	518 35	Other (If Any)	484 54
Total Forward	7,899 32	Total Expenses	9,887 48

This statement is analyzed as Farm B in the "Dairy Farm Credit Guides" analysis. Due to difficulty in accounting for all expenses on a true cost basis, some mental calculations are necessary. For example, purchases of feed for hens would account for about 10% of feed bills, resulting in a feed-milk ratio of about 28%.

Balance Sheet Supporting Data

We started our study by obtaining farm operating figures to support the balance sheets in our files. A simple operating statement, as shown on the opposite page, was printed on the back of a short-form balance sheet was sent to our farmers. The request was for (1) current income and expense figures taken from their U. S. Farm Tax Schedule, 1040 F; (2) the average number of milking cows during the year; and (3) production figures taken from milk check stubs. The response was gratifying due, in part, to a long-standing program of public relations with our farmers.

The first year we simply scanned the statements to observe production costs. The second year we tried to find the cost of producing 100 lbs. of milk on different farms. A recent bulletin issued at Cornell University indicates that we were on the right track. Reference is made to Bulletin No. 91, *Economic Facts for Young Farmers*, showing a study of the cost of producing milk on 113 farms in the Central Plains Region, New York State, in 1953-54. This bulletin pointed out that production costs varied greatly from farm to farm: "The average net cost of producing milk was \$4.59 per hundredweight. . . . The net cost on 30 farms was less than \$4 while on 18 farms it was \$6 or more. On 39 farms the cost was from \$4 to \$4.99." When we compared the operating statements of our farmers with these 113 farmers, we found there was as wide a difference in the cost of producing milk on the farms of our customers as there was on the farms included in the Cornell study. Obviously, then, we concluded that we needed to determine which farmers were producing milk at a cost which would provide a profit out of which to repay loans. We decided to ask ourselves a question about each applicant: "Is he a good dairyman?" and, thereby, be able to reach a better decision.

Study 20 Dairy Farms

We took reliable operating statements of 20 commercial dairy farms on which the milk income accounted for about 90% or more of total income. Special attention should be given to the fact that these are *not* average dairy farms in New York State. They do, however, represent the type of dairy farms on which

lenders extend credit. The table on this page summarizes the 20-farm study, presents specific data from four of the 20 farms, and compares the averages from the 20 farms with a Cornell University study of 34 farms in Oneida County, New York, a community similar in many ways to our dairy area.

A review of these farms calls attention to various factors which (1) help tell us where a dairyman is going financially, and (2) suggest weaknesses which might be improved. Farms A and B are good farms, under good management. Both farmers have earned the position which they have attained. Both farms are stocked with purebred Holsteins. High production is a desired goal and attention is called to the variances in average pounds sold per cow of 11,300 and 8,514 respectively. Analysis of these farms shows Farm A making its income

entirely from the dairy operation, while enterprises other than dairy account for 10% of the gross income from Farm B. However, net profit figures are remarkably close and, although production figures vary by nearly 3,000 lbs. per cow, both are very good credit risks. Both farms could profit by additional crop acres. Farmer B has applied for and obtained from our bank credit to purchase an adjoining farm. With additional crop acres, Farmer B expects to reduce the ratio of feed purchased to milk income through increased production of roughage. This, along with a larger business, should afford a higher net return and enhance his ability to repay the loan. In addition, the added efficiency on this combined farm unit will contribute to the progress, growth, and general well being of our community.

(CONTINUED ON PAGE 134)

Dairy Farm Credit Guide

Efficiency Guides	Cornell Summary Oneida County 34 Farms 1955 Average	Bank Summaries Buffalo Market 1956						
		Twenty Farms			Farmer A	Farmer B	Farmer C	Farmer D
		Average	High	Low				
Milking Cows (per farm)	29	33	50	14	33	35	20	30
Young Stock (per farm)	18	11	32	2	9	12	10	13
Pounds Milk Sold (per farm-thous.)	263	307	523	146	375	298	193	276
Pounds Milk Sold (per cow)	9089	9232	11300	5900	11300	8514	9650	9200
Milk Income (per cow)	317	382	477	270	456	362	418	400
Feed Purchased Ratio to Milk Income	27%	28%	48%	10%	35%	31%	48%	27%
Labor and Machine Hire Ratio to Milk Income	6%	9%	25%	0	9%	4%	14%	10%
Current Expenses (per cow)	231	289	398	202	312	282	390	333
Current Profit (per cow)	170	173	334	108	223	204	130	122
Total Assets (per cow)	1189	1206	not computed		1667	1265	1020	1913
Machinery Investment (per cow)	241	289	555	148	333	204	250	313
Crop Acres (per cow)	2.7	3.1	5	1.5	2.5	2	2	6
Man Equivalent (approximate)	1½	1½	not computed		1½	1½	1	2

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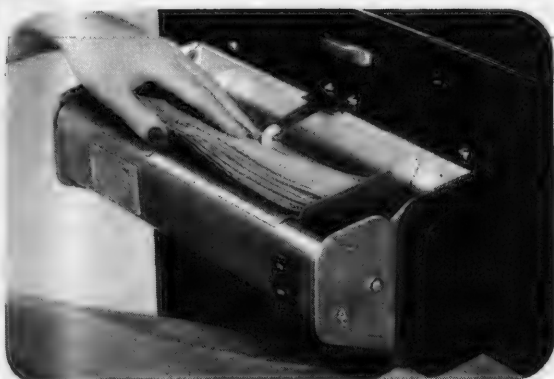
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Opportunity Lives in Banking



Opportunity Lives in Banking

Banks are doing a better job lately of competing for top grade personnel but the consensus of deans of business schools in American colleges is that a better job could be done

BANKING made a survey recently and asked 40 collegiate schools of business throughout the country these questions:

- (1) What are the opportunities for banking education in your school?
- (2) Have these been tending to increase or decrease in recent years?
- (3) How does the demand for banking education compare relatively with other types of business education?

We had replies from only 24, which was rather disheartening, because it indicated indifference on the part of many deans in this matter which is of such great concern to banks.

Shortly before we made this survey we had published an article by Ossian MacKenzie, dean of the College of Business Administration, The Pennsylvania State University, on "Are There Bank Careers for College Graduates?" The information was based on a survey of eastern schools and the consensus of this survey was that banks must recruit more vigorously and regularly; they must compete with industry, which is paying very attractive salaries; and banks must also find ways to emphasize to college students the attractions of banking as a career.



The article concluded as follows:

"If banks wish our top business graduates, they must be willing to compete with industry for their services. This means stepping up salary scales; making contacts with desirable candidates before, not after, military service; increasing and maintaining recruiting efforts; and emphasizing the vital, absorbing, and rewarding qualities of a career in banking."

One thing that our survey of deans shows is that closer contact with the students is badly needed, and better communication with them through their campus publications. Banking's story is not reaching the stu-

dents through this all-important channel — important because students often read their campus publications more carefully than any other printed matter during their undergraduate years.

The answers received showed a fairly definite pattern, which might be summarized in this way:

The banks, particularly the larger banks, have been doing a much better job of recruiting in the last two or three years than ever before. There has been a marked increase in the demand from these banks for high-grade graduates, although it is much less than in almost any other business field.

There is a notable tendency lately for banks to meet the competitive salary scales, although certain schools report that there is still a gap between what banks are offering and what comparable businesses pay.

There are relatively few exclusively banking courses.

Unfinished Business

AFEW years ago, in a book called *The Return of Opportunity*, published by Harper & Brothers, Harold Stonier, dean of The Graduate School of Banking, wrote these words:

"Our general concept of education has been changing slowly but definitely in recent years. We have come to regard the pursuit of knowledge as a continuing experience or lifelong adventure, rather than a cut and dried formula handed to boys and girls before they tackle the world. . . .

"The only term we have had for this trend so far has been adult education, but the phrase is not entirely adequate, because it carries the implication of an extra dividend acquired after a person has 'finished' a regular education. What we are now witnessing is the end of the whole notion of finishing an education. As far as this generation is concerned, we might as well face the fact that a good part of our education is just beginning."

They are mostly general, covering finance and business. There is not much demand for specific banking courses and, to some extent, this seems to be due to the fact that the banks themselves don't want that sort of thing. They want general training and they want to depend on their own post-graduate training programs to fit students for particular roles. The thought was also expressed by some educators that the excellence of the A.I.B. and other bank school programs has tended to discourage the schools from trying to train students specifically for banking work.

Good texts on banking are rare. Also there is a scarcity of teachers, and there was one suggestion that retired bankers might well consider entering the field of teaching.

Students are interested primarily in starting salaries and in the availability of training programs after they start to work. Fringe benefits make little impression, because all employers now offer quite an assortment.

Several replies mention that state associations are becoming active in helping their banks do a recruiting job and informing students of the possibilities in a banking career.



Without identifying particular sources, here are some selected but typical comments by deans on certain vital aspects of the question of banking's future manpower, in addition to points already mentioned. The numbers correspond to the three questions given above:

(1) We have a specialization entitled "Banking and Finance." The basic requirement is a good introductory knowledge of corporation finance, but, if this is selected for further work, students who choose this field may specialize in corporation finance proper, commercial banking, or investments and investment banking. Students who do specialize are more likely to choose one of the two latter.

(2) Except that we have had a moderate increase in the number of courses offered at both undergraduate and graduate levels, there has been no significant



A corner of the American Bankers Association offices in New York, where, on display, are Graduate School theses, American Institute of Banking textbooks, and bound volumes of BANKING.

change in this program for over a dozen years. I may remark that some of the courses, particularly in the field of money and banking which our students take are offered here by the Economics Department, with which we have close collaboration. There, also, the increase in courses in recent years has been very moderate.

(3) The student specializations here do not run heavily to banking and finance, and I should say that it is the third or fourth choice in general among our students. Our principal elections seem to run to marketing or accounting and to general management.

* * *

Education

ON the average, a college education today costs \$9,000. If you have a youngster approaching college age you may wonder at the return on this investment. Consider these facts:

An average elementary school graduate will earn in a lifetime \$116,000.

Average high school graduates—\$165,000.

Average college graduates—\$268,000.

Average technical graduates \$280,000.

These figures are from a report of the National Education Association.

(1) Educational opportunities in our School of Business Administration are increasingly good, and the interest of students is increasing at a rapid pace and has done so for the past five or six years. We do not have a special curriculum in bank management, as do some schools, but rather prefer to have our students complete a rather broad curriculum in the field of finance which places them in a position to take advantage of whatever opportunities exist at the time of graduation. These opportunities may be in commercial banking, mortgage banking, investment banking, or in a wide variety of other fields, including finance departments of manufacturing or mercantile enterprises. In other words, we do not regard our school as the appropriate place to train people for beginning jobs in commercial

banks or other kinds of banks. Rather, we regard banks as business institutions, and we hope that our students are sufficiently broadly trained so that they may be successful regardless of the kind of business institution that gives them their first opportunity.

(2) *The opportunities for banking education have not changed during the past 10 or 12 years at this institution, excepting that we have added distinguished scholars in finance.*

(3) In the last few years a large number of banks in this area have gone about the systematic recruitment of college graduates, and I am pleased to note that a number of them have recognized the Business School as a logical source of candidates. Several of these banks have excellent selection and training programs, with starting salaries and prospective careers which are competitively attractive. They have tended to lag behind other types of business, such as manufacturing, marketing, and accounting, in devising programs which will attract the best Business School graduates. I am happy to say that the gap is being narrowed rapidly.

The interest of students in banking declined sharply during the 1930s. Students are generally sensitive to the facts of business life, which now clearly indicate that the banker is not merely "a money changer in the temple" but is a vital and creative institution in a free society of dynamic enterprises.

(1) For years we have offered a major in banking in our School of Commerce. We have never had difficulty in placing all our graduates, many of whom return to us for an M.B.A. degree in the evening program.

We work very closely with the banks in the area, and they in turn have been well satisfied with the many graduates they have hired in their credit, real estate appraisal, investment, and commercial loan departments, as well as what might be called general banking.

100,000 Students

THERE are about 550,000 people in the banking business serving approximately 100,000,000 customers. One hundred thousand of the banking personnel, both officers and staff, are active students keeping abreast of changes in this dynamic period of economic expansion.

In addition to all the schools described in this study, we must include the big educational dividends of national, regional, and state conferences dealing with consumer credit, agricultural credit, mortgage credit, public relations, and other aspects of banking. Also, many banks operate their own training programs for special purposes.

Finally, but not least among the educational facilities available to people in the banking business, are the many banking periodicals—a living library on current developments.

(3) *At this time we are unable to fulfill the needs of all the banks in the area. The banks here are well informed of the competitive situation relative to other businesses and, on the whole, have tried to meet salary demands; but all in all, they could probably increase beginning salaries \$25 a month to be assured of a more adequate supply of college-trained men. We have a number of men on the staff who work closely with the students and the banks, and who probably influence a few more to choose banking careers.*

* * *

(1) Although we do not schedule majors specifically designated as a preparation for particular vocations, there are a number of courses which students interested in banking careers usually take. All our students, of course, are required to take work in Principles of Economics, Principles of Accounting, Money and Banking, Management Principles, and Business and Finance. In addition, those interested in finance take courses in Corporation Policies and Financial Problems, Investments, Financial Statement Analysis, Credits and Collections, and have available also as electives advanced courses in Accounting, Management, and other major business fields. The students who have gone into banking after undergraduate work here have progressed very satisfactorily, and I believe that employers feel that these graduates have been well prepared to absorb and benefit from the specific training programs which the banks themselves provide for these graduates after they come on the job.

(2) *In general there has been no increase or decrease in the course offerings to those who look forward to careers in banking.*

(3) Students who enter this school very frequently are not definitely decided on a business career. We really have no way of measuring whether the demand for banking education has increased or decreased compared to demand for other types of business education. However, I can say that we have an unusually high proportion of students who major in finance, and this may indicate interest in banking as opposed to accounting or other general business areas.

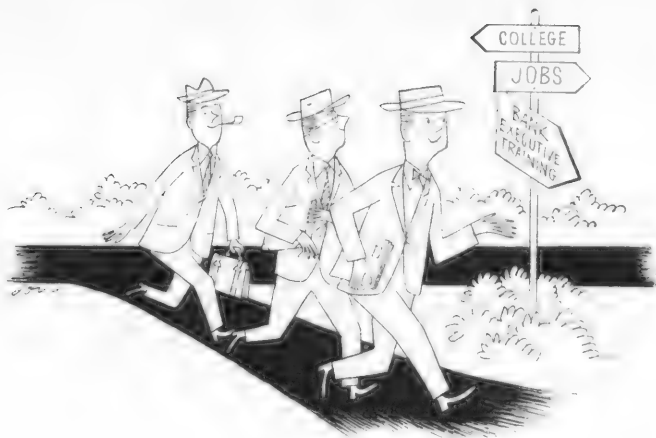
* * *

(1) This school regularly offers two courses specifically pertaining to banking. One is Bank Management, offered to seniors who have completed certain economics, accounting, and finance courses. The other course is entitled Monetary Policies and Credit Institutions.

(3) Demand has improved somewhat due to the banking industry's becoming somewhat more realistic as to its needs for junior executive material as available from colleges rather than high schools. The improved realism seems to evidence itself by increased requests for good men and women by banks, and by development of better training programs and the offering of more nearly competitive salaries.

* * *

(1) Our College of Commerce and Business Administration has a curriculum in Banking and Finance and grants the Bachelor of Science degree in Banking and



Finance. Within this curriculum the student can specialize in commercial banking, investment banking, and certain other areas.

(2) *We have been increasing our offerings in Banking and Finance since World War II.*

(3) The number of students majoring in Banking and Finance has been increasing, especially over the last five years. The commercial banks are seeking our students and are offering starting salaries and opportunities comparable to those of other business activities.

* * *

(1) There is ample opportunity for banking education in our School of Business. We offer a major in finance, which includes, among other finance courses, a course in bank management. Presently we are developing, with the state bankers association, a special curriculum which will be labeled "Commercial Banking."

(2) *There has been little change in the opportunity for banking education at this institution in recent years. For at least 20 years, we have offered a strong curriculum in finance and have, in fact, trained a great many students who are now engaged in commercial banking.*

(3) The demand for banking education is small relative to the demand for other types of business education, as indicated by the numbers of students majoring in the several different subject areas in the School of Business.

The opportunities for placement of our graduates in commercial banking have expanded substantially in recent years. Several banks in the Middle West recruit from our graduating classes by means of visits to the campus. The state association is currently considering some kind of joint program to recruit college graduates for banks.

* * *

(1) In our School of Business the students interested in banking work normally become finance majors. Generally speaking, the number of opportunities listed

through our placement bureau for persons who have such an education are few and scattered, but they have tended to increase markedly in recent years. Certainly, the demand for persons for banking does not compare favorably with the demand for other types of business education.

Normally, the banks have attempted to keep overhead at a minimum and therefore salaries have been far below those offered to business students in other areas of business. This is true even of other financial opportunities. Because of this attempt to keep the salaries low, there has been a conscious, or perhaps unconscious, hiring of staff help below the level normally associated with the college graduate. Certainly the opportunities for development of the banking business are tremendous, and banks, in general, could use persons of imagination, intellectual curiosity, and an overall viewpoint. There have been encouraging signs, particularly from the larger banks, and we do find, at the present time, a number of the larger banks taking steps towards formalizing their recruiting process among institutions of higher learning. I am certain that, if given the opportunity, more would go into banking.

These are fairly typical of the answers from schools providing some kind of educational preparation for careers in banking. Too many schools are lacking in such facilities but we can offset against this the fact that the banking business itself offers incomparable opportunities for all kinds of training after one is actually working in a bank.

On the following pages are briefly pictured some of the most important of these.

Education: A Lifelong Process

THERE is an uncomfortable margin of truth in a statement attributed to an eminent educator to the effect that many human beings die around 30, although they may not be buried for another 50 years.

The American Institute of Banking

Sponsorship

THE "A.I.B.," the Educational Section of the American Bankers Association, was organized in 1900 to provide an educational program that would help bank employees advance in their profession. It operates principally through 285 local organizations known as chapters; in smaller communities the courses are available through study groups or individual correspondence study. Certificates are awarded for completion of various phases of the study program.

The Institute develops and publishes special texts, available only to those engaged in banking, for each of its courses. Use of these texts and standardized final examinations insures uniformly high educational standards. Educational and administrative services are performed by a permanent staff in the national office, 12 East 36th Street, New York 16, N. Y. Chapters and study groups are further assisted by a broad national organization. The Institute is governed by an Executive Council.

In its 1955-56 year A.I.B. had nearly 130,000 members; approximately 70,000 of them were taking courses.



A chapter classroom

Curriculum

THE study program includes five groups of courses:

Orientation. "You and Banking" is for beginners. It helps newcomers adjust to the banking environment.

Here's an Institute annual convention, one of the highpoints of the A.I.B. year





A corner of the Institute's national office in New York. Far left, Secretary Robert C. Rutherford and Dr. Leroy Lewis, national educational director. Left foreground, Assistant Secretary Hartwell Davis

Skill Training. This acquaints the new employee with the basic requirements of his job. Training courses are offered in three operational fields: proof and transit, bank bookkeeping, teller work. There is a text for each course.

Basic Banking Education. This major part of the Institute program comprises nine college level courses, each consisting of 42 hours of classroom instruction: Principles of Bank Operations, Savings Banking, Commercial Law, Negotiable Instruments, Economics, Business Administration, Money and Banking, Accounting (two courses), plus certain electives. Four of these are prescribed for the Pre-Standard Certificate and nine are required for the Standard.

Specialization—Graduate Study. The 13 courses comprising the graduate curriculum offer opportunities for more specialized study in law, economics, accounting, bank operations, and communication. The subjects are: Analyzing Financial Statements, Credit Administration, Bank Administration, Corporation Finance (not available

in 1956-57), Investments, Trust Department Services, Trust Department Organization, Agricultural Credit, Instalment Credit, Home Mortgage Lending, Effective Speaking, Effective Bank Letters, Public Relations for Your Bank.

A student with a basic banking education may earn a Graduate Certificate with a major in Commercial Banking, Investments, Trusts, or Savings Management. A background of eight courses in law, economics, accounting, and bank operations is the basis for graduate study.

Executive Development. The student seeking the broadest possible education in banking as a preparation for executive responsibility may take additional courses in the graduate curriculum, beyond the requirements for his Graduate Certificate.

Faculty

THE Institute's teaching staff numbers more than 2,500 instructors and hundreds of special lecturers scattered throughout the country. Faculty members are bankers, attorneys, accountants, high school and college teachers. Chapter and study group instructors are selected and paid by the local units.

Qualifications

THE Institute's program is available "to the personnel of all banks that are members of the American Bankers Association throughout the United States and its possessions."

Those who have college work equivalent to Institute courses may apply for credit toward certificates.

One of the A.I.B.'s regional faculty conferences





Rutgers University's Demarest Hall will house the G.S.B. faculty beginning next year

The Graduate School of Banking

Sponsorship

THE Graduate School of Banking is conducted by the American Bankers Association. It completed this year its 22nd annual 2-week summer session at Rutgers University, New Brunswick, N. J. Founded in 1935, it has served as the model for a host of schools for bankers. It was designed, primarily, to provide education at a graduate level as an extension of the work of the American Institute of Banking.

Curriculum

FOUR major subjects are offered by the School—Commercial Banking, Trusts, Investments, and Savings Management. Students in all majors

also attend classes in Economics of Banking and Business. Classes occupy the daytime hours at the annual summer session, with seminars and sub-majors in the evenings. Also there is an orientation course for entering students, chiefly an explanation of the School's procedures, and advice on the preparation of the thesis which is a requirement for graduation. For the second-year class there is a session devoted to Personnel and Public Relations. For the third-year, or graduating class, there is an evening devoted to Banking and Government Relations.

To qualify for graduation, a student at The Graduate School of Banking must write a thesis based upon original research in some phase of finance. According to the School's administration, the thesis requirement has the dual purpose of providing a continuing flow of new research into banking literature and of training G.S.B. men in organized thinking and the expression of ideas. Beyond attending three of the summer sessions at Rutgers University, and completing a thesis, students must successfully complete two years of extension study at home in the months between resident sessions.

Qualifications

WITH certain exceptions, applicants for admission must meet the following minimum requirements: (1) They must be officers of banks which are members of the American Bankers Association; (2) they must be at least 30 years old; (3) they must have had at least eight years' banking experience—or business and professional experience that in the opinion of the Faculty Committee on Admissions is the equivalent. Government and state banking department representatives also are admitted.



Faculty

THE faculty of The Graduate School of Banking is composed of leading bankers, lawyers, Government officials, and educators. The faculty for the 1956 session numbered 93, including both regular instructors and special lecturers.



Typical—any meal time, any day, at annual summer session

School symbol—the open gate



Procession of faculty, flanked by graduates, at commencement





Picturesque Bascom Hall, overlooking the city of Madison, is where most of the School of Banking classes are held

The School of Banking at the University of Wisconsin

Sponsorship

THE School of Banking at the University of Wisconsin, inaugurated in 1945, is a collective enterprise of the 16 state bankers' associations comprising the Central States Conference. The states represented are Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, and Wisconsin.

Curriculum

THE purpose of the school is to provide bankers an opportunity for advanced study and research



in banking, economic, and monetary problems.

The courses offered at the three resident sessions are divided as follows:

First year: Bank Public Relations, Basic Economic Problems, Commercial Bank Credit, Investments, Law.

Second year: Commercial Bank Administration, Real Estate Financing, Instalment Credit, Investments, Agricultural Economics and Agricultural Credit.

Third year: Trust Department Procedure and Practice, Internal Organization and Personnel, Investments, Country Banking, Monetary Policy, International Finance, Business Conditions, and seminars on such contemporary problems as the business outlook, the role of the Government in the economy, monetary policy, Federal debt management, taxation, and foreign policy.

Attendance at three 2-week summer sessions on the Wisconsin campus is required for graduation. Classes start at 8:30 A.M. and end at 8:30 in the evening, after which come the seminars. Students are also assigned comprehensive banking problems which must be completed between the summer sessions, and may choose such problems instead of preparation of a thesis. Those who satisfactorily complete the 3-year study program are awarded diplomas.

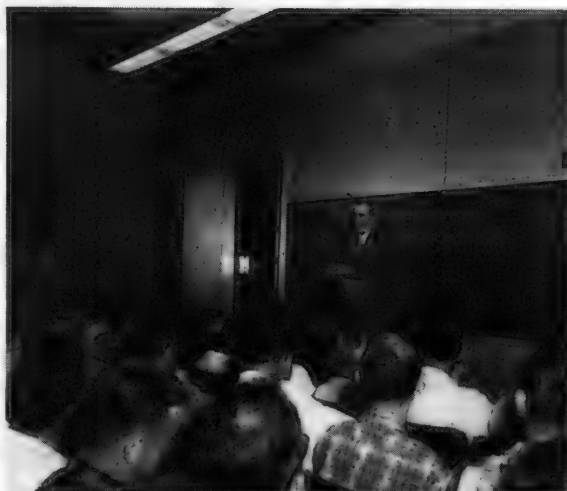
Faculty

THE faculty of more than 100 is drawn from banking, business, government, and various universities.

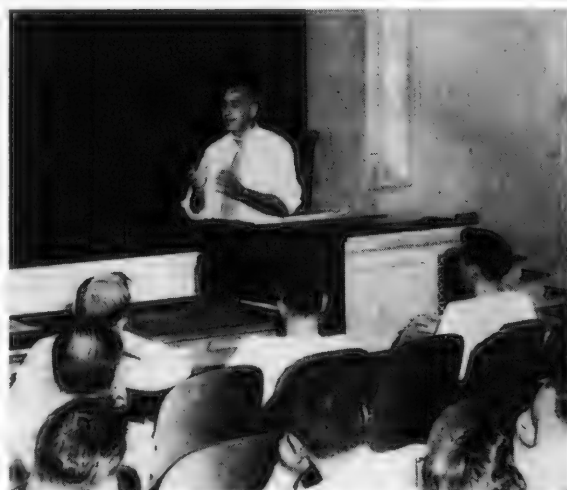
Qualifications

ENROLMENT is limited to bank officers and to employees of banks who, by virtue of previous education or experience, are considered by the committee on admissions to be qualified for attendance. The number who are not officers is very small. The committee also, at its discretion, may admit applicants from state banking departments and Federal supervisory agencies, and also bank directors, provided the individual's experience is considered to qualify him for study at the school.

Enrolment in the 1956 session was 1,052 students from 36 states. At the first session, in 1945, the enrolment was 47 from three states.



Dr. Watrous H. Irons, president, Federal Reserve Bank of Dallas, lectures on central banking



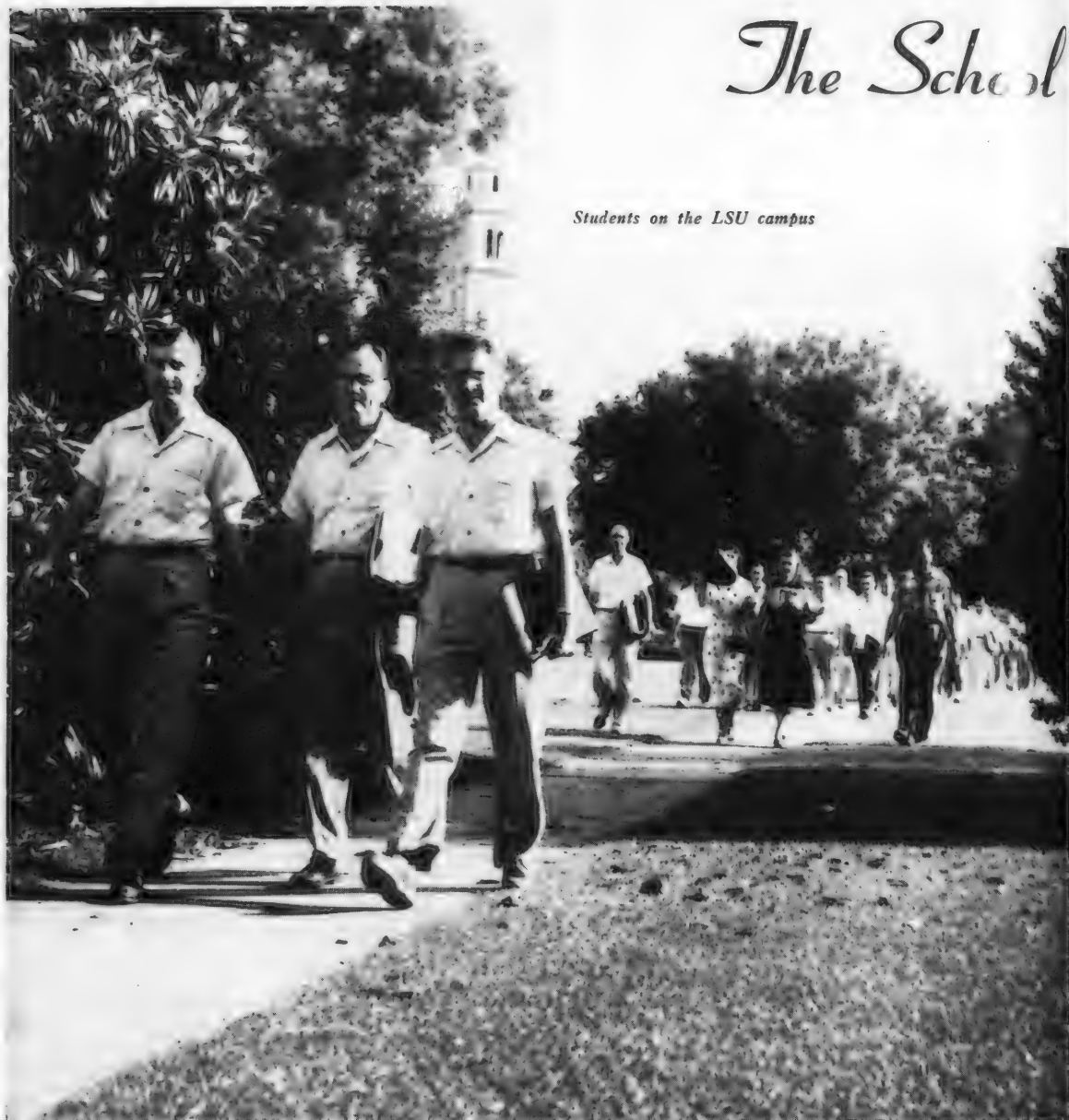
M. S. Szymczak, governor, Federal Reserve System, discusses monetary policy

D. M. Kennedy, vice-president, Continental Illinois National Bank and Trust Company, Chicago, lectures on investments



The School of

Students on the LSU campus



Sponsorship

THE School of Banking of the South is sponsored by the state banking associations of nine southern states—Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, South Carolina, and Tennessee—in cooperation with Louisiana State University at Baton Rouge. The first class was admitted in 1950.

Curriculum

AS STATED in its catalog, the school's purpose is "to provide bank executives and junior bank officers of the southern area with advanced study and guided research in all phases of the opera-

tion of banks and the banking system. The curriculum has been designed so as to give specialized instruction of an authoritative nature in monetary, legal, and economic aspects of banking practice."

The school's full program requires three summer resident sessions of two weeks each, with extension work during the months between campus sessions. This off-campus work consists of specialized banking problems, which are developed with the advice and approval of the faculty.

First-year resident courses include Basic Banking and Economic Problems, Commercial Bank Credit, Investments, and Law.

In the second year's resident session: Agricultural Economics and Agricultural Credit,

of Banking of the South

The entire group of 334 who attended the 1956 session



Bank Management, Bank Operations, Commercial Bank Credit, Foreign Trade and International Finance, Investments, and Real Estate Financing.

And in the third: Bank Public Relations and Community Responsibility, Business Conditions, Investments, Senior Banking Problems, Special Problems of Small Banks, and Trust Department Procedure and Practice.

Qualifications

THE nine sponsoring states are allotted 90% of the 120 students to which the freshman class is limited, the remaining 10% being admitted from other areas at the discretion of the executive committee.

Applicants must be (1) bank officers, or (2) bank employees with a satisfactory background of education or experience who are currently discharging responsibilities equivalent to those of officers, and (3) those from state or Federal bank supervisory agencies and from investment banking firms whose experience and academic training are considered satisfactory by the committee on admissions.

Faculty

THE faculty includes more than 60 authorities from the fields of banking and finance, education, and government.



Living quarters are in the Men's Residence Hall at the University of Washington, Seattle

A typical student room



Graduate

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General



Graduates of the Class of 1955

The Pacific Coast Banking School

Sponsorship

HOLDING its first resident session in 1938 as the Pacific Northwest Banking School, the institution expanded after its World War II suspension to become the Pacific Coast Banking School, with the sponsorship of eight state bankers associations—those of Arizona, California, Idaho, Montana, Nevada, Oregon, Utah, and Washington, the state association of the last named having been the original sponsor. The school is carried on with the cooperation of the University of Washington at Seattle.

Curriculum

TO THE courses intended primarily for commercial bankers, as originally offered, there was added in 1953 a program of study for trustmen, so that the school now operates as two divisions—commercial and trust.

Students must complete three 2-week resident sessions, between which they submit extension assignments dealing with problems in banking or trust work. In addition, each student is required to submit an original thesis on some phase of banking or trust work before receiving his certificate of graduation.

In the commercial division, first year courses include Earning Assets, Current Economic Problems, Legal Problems—Secured Transactions, and Credits. In the second year: Bank Invest-

ments, Business Policy, Current Economic Problems, Credits, Real Estate Loans, and Bank Operations. In the third year: Credits, Current Economic Problems, Personnel and Customer Relations, Bank Administration, and the Trust Department.

In each of its three years the trust division offers: Trust Business, Trust Law and Taxation, Current Economic Problems, Trust Asset Management, and Trust Development.

In evening sessions, outstanding authorities address the student body on topics of vital interest to bankers. Also, informal student-faculty sessions, held in the dormitory lounges in the evenings, are a school tradition.

Faculty

LEADING bankers, educators, professional men, and trust officers present the courses of study. Lecturing and extension faculties together number about 30.

Qualifications

APPLICATIONS may be submitted by bankers or trustmen who have had five years' experience in their respective fields, and by officers and examiners of state banking departments, the FDIC, the Federal Reserve banks, and the Office of the Comptroller of the Currency who have had five years' experience.

The School of Financial Public Relations

Sponsorship

THE school, organized in 1948, is sponsored at Northwestern University by the Financial Public Relations Association, 231 South LaSalle Street, Chicago 4, Ill.

The course comprises two-week resident sessions held on the Chicago campus of the University.

In addition, each student has six practical public relations problems and a project to be completed between sessions.

Curriculum

COURSES for first year students are: History and Development of Financial Public Relations, Place of Banking in the Economic System, Development of a Public Relations Policy, Effective Speaking, Applied Psychology, Business Development, Publicity, Staff Training, Effective Use of Words, Salesmanship, Advertising, Coordination of Public Relations Program.

The second year schedule offers: Sociology, Advanced Public Relations, Letter Writing, Applied Psychology II, Publicity II, Effective Use

of Words II, Market Research, Sales Management, Effective Speaking II, Advertising II, Internal Relations.

Faculty

THE faculty is drawn from business and academic fields, with emphasis on practical knowledge and teaching ability. The staff includes representatives of Northwestern University, banking, advertising, and other fields.

Qualifications

EACH applicant for admission must be connected with an institution eligible for membership in the FPRA, and may be an officer, director of advertising or public relations, or an employee "whose major responsibility is concerned with public relations and/or advertising." Preference is given to applicants who have had "a minimum of two years in banking or in fields closely related to public relations activities such as advertising, writing or selling."

The Class of 1956. School of Financial Public Relations





Students in the 1956 Course I given by the School of Mortgage Banking at Northwestern University

The School of Mortgage Banking

Sponsorship

THE School of Mortgage Banking represents the culmination of the educational effort which the Mortgage Bankers Association of America, 209 South LaSalle Street, Chicago, began more than 12 years ago. The first step was the organization of the Senior Executive Conference which is held in January of each year at New York University in New York City. The next step was the organizing of the Mortgage Bankers Seminars, which evolved into the School of Mortgage Banking at Northwestern and Stanford Universities. The school is under the direction of MBA's director of education and research.

Curriculum

THE MBA's school offers three courses and this year attained full status as a complete post-graduate course in mortgage lending and investing. Each course embraces a full week of on-campus concentrated study and instruction, supplemented by a year-round home study course with examinations at the end of each course. Textbooks by financial authorities are used in the home study program.

Courses I and II, devoted to "Financing of Dwellings" and "Financing of Income Properties," respectively, were given at both Northwestern and Stanford Universities in the early summer of 1956. Course III, covering "Mort-

gage Loan Investment Policies and Practices and Special Consideration of the Mortgage Banking Profession" was given at Northwestern only. All three courses will be given at both Northwestern and Stanford next year.

Faculty

SPEAKERS at the School of Mortgage Banking are usually financing experts in the mortgage banking field. They include commercial, mutual savings, and mortgage bankers, representatives of life insurance companies, title and insurance companies, and mortgage investing institutions, and Government mortgage authorities. The home study program is conducted under the supervision of professors of finance at Northwestern University.

Qualifications

THE School of Mortgage Banking is designed for executives at the management and administrative level of mortgage banking and investing institutions.



NABAC School for Bank Auditors and Comptroller



Class of 1956, with school's director, Clarence H. Lichtfeldt, front row center, vice-president and comptroller, First Wisconsin National Bank, Milwaukee

Sponsorship

THE school, established in 1953 at the University of Wisconsin, Madison, is sponsored by the National Association of Bank Auditors and Comptrollers, 38 South Dearborn Street, Chicago.

Curriculum

TO be eligible for graduation students must attend 2-week sessions at the university for three consecutive summers. Extension problems are required of first- and second-year men. Evening seminars are held.

The first-year course, Bank Accounting, covers these subjects: Manual of Accounts, Departmental Proof Sheets, Loan Accounting, Demand Deposit Accounting, Fixed Assets Accounting, Trust Department Accounting, Time Deposit Accounting, Income and Expense Accounting, Securities Accounting, Machine Accounting.

The second-year course is Bank Auditing: Cash and Due from Banks Audit, Securities Audit, Loans Audit, Demand Deposit Audit, Time Deposit Audit, Income and Expense Audit, Mis-

cellaneous Departments Audit, Collections Audit.

The third-year course is Bank Control: Cost Accounting, Fund Budgeting, Reports, Income and Expense Budgeting, Insurance, Organization, Federal Income Taxation, Continuous Controls, Pension Plans.

Faculty

TEACHING at the NABAC School are outstanding bank auditors and comptrollers, and university professors.

Qualifications

ELIGIBLE are men "sufficiently qualified" to take part in class discussions; college graduates with an accounting major or its equivalent; men with 10 years' banking experience (less, in some circumstances). Applicant must present a statement from a bank executive certifying that his duties are in this field and that completion of the course is desired by both himself and his bank.

The School of Consumer Banking



Student group leaving class

Sponsorship

THE School of Consumer Banking was organized in 1952 by the Consumer Bankers Association. Resident sessions are conducted at the University of Virginia, Charlottesville.

Curriculum

EMPHASIS is placed on consumer banking subjects, with courses of instruction in five major fields—Credits, Management, Operations, Human Relations, and Business Development.

Monroe Hall where classes are held



Faculty

THE faculty is composed principally of active bankers who are specialists in their particular fields. Several outstanding university professors make up the balance of the teaching staff. Association membership is not considered in selection of instructors, or of the students.



Qualifications

ANY officer of a bank (or staff member performing duties equivalent to those usually performed by an officer) is eligible for enrolment. Officers and staff members of the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Federal Reserve System, or the state banking departments are also eligible. Each incoming class is limited to 60 students. Thirty states, the District of Columbia, Puerto Rico, and Hawaii were represented in this year's student body of 144.

ANNUAL SCHOOLS SPONSORED BY STATE BANKERS AND OTHER ASSOCIATIONS

NOTE: This listing of educational activities includes only the "school type" programs—with the important exception of the American Institute of Banking and its 70,000 enrollees in more than 400 local chapters and study groups. (See pages 70 and 71.) The listing does not cover the great volume and variety

of "committee types" of periodic banker association meetings—on such subjects as audits, accounts, operations, credits, investments, and trusts—that frequently exceed 1,000 in attendance.

REGIONAL AND NATIONAL SCHOOLS— LOCATION AND SCHOOL SPONSOR	SUBJECTS PRESENTED										OPERATIONS			
	Operations & Controls	Personnel Relations	Public Relations	Commercial Credit	Instalment Credit	R. E. Credit (Urban)	Ag. Credit & Operations	Investments	Trusts	Economics	Attendance (Approx.)	Date (month)	Session (days)	Fee (dollars)
GRADUATE SCHOOL OF BANKING—RUTGERS UNIVERSITY AMERICAN BANKERS ASSOCIATION	Op.	Per.	Pub.	C.Cr.	I.Cr.	R.Cr.	Ag.	Inv.	Tr.	Ec.	1,100	June	12	220
School of Banking of the University of Wisconsin Central States Conference of Bankers Associations	Op.	Per.	Pub.	C.Cr.	I.Cr.	R.Cr.	Ag.	Inv.	Tr.	Ec.	1,050	Aug.	12	200
Pacific Coast Banking School—University of Washington Bankers Associations of Arizona, California, Idaho, Montana, Nevada, Oregon, Utah, and Washington	Op.	Per.	Pub.	C.Cr.	I.Cr.	R.Cr.	Ag.	Inv.	Tr.	Ec.	250	Aug.	12	200
School of Banking of the South—Louisiana State University Bankers Associations of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, South Carolina and Tennessee	Op.	Per.	Pub.	C.Cr.	I.Cr.	R.Cr.	Ag.	Inv.	Tr.	Ec.	300	June	12	190
Investment Seminar—New York University Mortgage Bankers Association of America						R.Cr.		Inv.		Ec.		Jan.	3	
Mortgage Banking Seminar—Northwestern University Mortgage Bankers Association of America						R.Cr.				Ec.	150	June	6	75
School of Consumer Banking—University of Virginia Consumer Bankers Association	Op.		Pub.		I.Cr.					Ec.	150	Aug.	12	250
National Association of Bank Auditors and Comptrollers University of Wisconsin	Op.										300	July-Aug.	12	200
School of Financial Public Relations—Northwestern University Financial Public Relations Association		Per.	Pub.							Ec.	100	Aug.	12	225

STATE ASSOCIATION SPONSOR AND SCHOOL LOCATION	SUBJECTS PRESENTED										OPERATIONS				STATE
	Operations & Controls	Personnel Relations	Public Relations	Commercial Credit	Instalment Credit	R. E. Credit (Urban)	Ag. Credit & Operations	Investments	Trusts	Economics	Attendance (Approx.)	Date (month)	Session (days)	Fee (dollars)	
ALA.	Bank Study Conference—University of Alabama	Op.	Per.	Pub.	C.Cr.	I.Cr.	R.Cr.	Inv.		Ec.	175	July	4	25	ALA.
	Agricultural Credit Conference—Auburn, Alabama						Ag.				100	Feb.	4	17.50	
	Fall Trust Conference		Per.	Pub.				Inv.	Tr.	Ec.					
ARK.	Bankers Seminar—University of Arkansas, Fayetteville	Op.		Pub.			Ag.	Inv.		Ec.	150	Aug.	5	42.50	ARK.
	Bankers Agricultural Credit Conference						Ag.				200	Jan.	2		
	Bankers Instalment Credit Conference				I.Cr.						200	Apr.	2		
CALIF.	Bank Management Conference—Los Angeles or San Francisco	Op.	Per.		C.Cr.	I.Cr.	R.Cr.				425	Mar.	2		CALIF.
COLO.	Farm Credit School—Colorado Agricultural & Mechanical College						Ag.				100	Mar.	3	55	COLO.
	School of Banking—University of Colorado	Op.	Per.		C.Cr.			Inv.		Ec.		Aug.	12	125	
CONN.	Annual Short Trust Course—University of Connecticut	Op.						Inv.	Tr.	Ec.	60	May	3	25	CONN.
	Connecticut-Rhode Island Farm Credit School—State Universities						Ag.				50	May	1		
DEL.	Farm Management and Credit Conference—University of Delaware						Ag.				170	Apr.	1		DEL.
FLA.	Bankers Agricultural School—University of Florida						Ag.			Ec.	100	Nov.	2	5	FLA.
	Bank Forum—Redington Beach	Op.	Per.	Pub.	C.Cr.	I.Cr.	R.Cr.	Inv.		Ec.	300	May	5	25	
	Banker-Farmer Meetings (Series of three)						Ag.			Ec.	400	Jan.	3	5	
GA.	Young Bankers Conference—Emory University	Op.	Per.	Pub.	C.Cr.		R.Cr.	Ag.	Inv.	Ec.	125	Sept.	3	35	GA.
	Farm Credit Short Courses—Abraham Baldwin Agricultural College, and University of Georgia			Pub.			Ag.			Ec.	100 ea.	Dec.-Jan.	2		
	Operations Clinics—Held at Albany and Atlanta	Op.									125	Nov.	1½		
	Instalment Credit Conference—Atlanta					I.Cr.					150	Mar.	1½		

STATE ASSOCIATION SPONSOR AND SCHOOL LOCATION		SUBJECTS PRESENTED										OPERATIONS				STATE
		Operations & Controls	Personnel Relations	Public Relations	Commercial Credit	Instalment Credit	R. E. Credit (Urban)	Ag. Credit & Operations	Investments	Trusts	Economics	Attendance (Approx.)	Date (month)	Session (days)	Fee (dollars)	
IDA.	Short Agricultural Clinic—University of Idaho	Ag.										200	Aug.	1	15	IDA.
	Trust Development School—Northwestern University	Op.	Per.						Inv.	Tr.		25	Aug.	18	175	
ILL.	School for Development of Junior Executives—Southern Illinois University	Op.	Per.	Pub.		I.Cr.		Ag.	Inv.		Ec.	120	Sept.	12	125	ILL.
	Bankers Conference—University of Illinois	Op.	Per.	Pub.	C.Cr.						Ec.	200	Oct.	2	15	
	Agricultural Conference—University of Illinois		Per.	Pub.			R.Cr.	Ag.			Ec.	200	Apr.	2	15	
IND.	Agricultural Clinic—Purdue University							Ag.			Ec.	350	Mar.	2	10	IND.
	Agricultural Credit School—Iowa State College			Pub.				Ag.				50	June	12	50	
IA.	Instalment Lending Conference—State University of Iowa					I.Cr.							Sept.	3		IA.
	Federal and State Income Tax School—State University of Iowa												Nov.	3	8	
KAN.	Agricultural Credit School—Kansas State College (alternate years)							Ag.				150	Feb.*	3	every other year	KAN.
	Bank Management Clinic—University of Kansas	Op.	Per.	Pub.	C.Cr.	I.Cr.			Inv.		Ec.	325	June	3	26	
	Agricultural Credit Conference—University of Kentucky	Op.						Ag.			Ec.	200	Apr.	2	10	
KY.	Kentucky School of Banking—University of Kentucky	Op.	Per.	Pub.	C.Cr.	I.Cr.		Ag.	Inv.			100	June	8	50	KY.
	Agricultural Credit School—Louisiana State University							Ag.				100	Dec.	4	20	
LA.	Mid-Winter Study Conference—Louisiana State University	Op.			C.Cr.	I.Cr.	R.Cr.		Inv.		Ec.	175	Jan.	2	22	LA.
	Public Relations and Manpower Forum											150	Nov.	1	15	
	Bankers Study Conference—Portland	Op.	Per.	Pub.		I.Cr.	R.Cr.	Ag.			Ec.	175	Apr.	2	5	
ME.	Savings Bank School—Bowdoin College (Sponsored by Savings Banks Assn. of Me.)		Per.	Pub.			R.Cr.		Inv.		Ec.	30	Sept.	3	45	ME.
	Tax Institute—Colby College												Aug.	2	20	
	Management—Operations Seminar	Op.										350	Nov.		12.50	
MD.	Farm Credit Conference							Ag.				175	Apr.		12	MD.
	Young Bankers Conference	Op.										500	June		15	
MASS.	Agricultural Conference—University of Massachusetts	Op.						Ag.			Ec.	50	Nov.	2	5	MASS.
	Management Conference—Babson Institute (Savings Banks Assn. of Mass.)	Op.		Pub.			R.Cr.	Ag.				150	June	3	30	
	Agriculture—Finance Conference—Michigan State College							Ag.			Ec.	250	Sept.	2		
MICH.	Bankers Study Conference—University of Michigan		Per.	Pub.	C.Cr.		R.Cr.		Inv.		Ec.	200	Dec.	2		MICH.
	School of Banking—University of Michigan	Op.	Per.	Pub.	C.Cr.	I.Cr.	R.Cr.	Ag.	Inv.	Tr.	Ec.	100	June	14		
	Trust Conference	Op.							Inv.	Tr.	Ec.	75	Sept.	2		
MINN.	Junior Bank Officer and Staff Conference	Op.		Pub.	C.Cr.	I.Cr.	R.Cr.	Ag.			Ec.	600	Oct.	1	12	MINN.
	Agricultural Credit Clinics—Series of four held throughout state							Ag.			Ec.	200	Apr.			
MISS.	Bank Management Conference	Op.	Per.	Pub.	C.Cr.	I.Cr.			Inv.		Ec.	150	Feb.	1½	15	MISS.
	Trust Conference—University of Mississippi									Tr.		20	May	2½		
	Agricultural Short Course—University of Missouri				C.Cr.			Ag.	Inv.		Ec.	100	Nov.	2		
MO.	Bank Management Conference—University of Missouri	Op.	Per.	Pub.	C.Cr.				Inv.		Ec.	250	Feb.	3		MO.
	Instalment Credit Conference—Columbia					I.Cr.						150	Sept.	2		
MONT.	Agricultural Credit Conference—Montana State College							Ag.	Inv.		Ec.	100	Mar.	2	5	MONT.
NEBR.	Bankers Clinic—Doane College	Op.		Pub.		I.Cr.		Ag.			Ec.	150	June	3	25	NEBR.
N.H.	Farm Credit Conference—Univ. of New Hampshire (See also VT.)				C.Cr.			Ag.			Ec.	60	Mar.	1		N.H.
	Public Relations School—Princeton		Per.	Pub.							Ec.	150	Feb.	3	75	
N.J.	Graduate Bankers Seminar—Princeton		Per.	Pub.							Ec.	50	Feb.	1	10	N. J.
	Bankers School of Agriculture—Cornell University							Ag.				70	Aug.	5	85	
	Graduate Bankers Agricultural Seminar—Cornell University							Ag.				70	Aug.	2	35	
N.Y.	School of Public Relations—Syracuse University			Pub.							Ec.	100	July	6	125	N.Y.
	Graduate Public Relations Seminar—Syracuse University			Pub.							Ec.	80	July	1	15	
	Investment Seminar—New York University								Inv.		Ec.	600	Sept.	1	15	
	Trust School—New York University									Tr.		30	June	5	200	
	Bankers Institute for Advanced Management (with Columbia U.)											30	Sept.	6	265	
N.C.-S.C.	Carolina Bankers Conference—University of North Carolina	Op.	Per.	Pub.	C.Cr.	I.Cr.	R.Cr.	Ag.	Inv.	Tr.	Ec.	175	July	5	35	N.C.-S.C.
	School for Younger Staff Members—North Dakota Agricultural College or University of North Dakota	Op.	Per.										Feb.	6	5	
N.D.	Bank Management Clinic—University of North Dakota	Op.											Jan.			N.D.
	Ohio School of Banking	Op.		Pub.	C.Cr.	I.Cr.	R.Cr.	Ag.	Inv.		Ec.	130	June	6	100	
OHIO	Farm Credit Conference—Ohio State University							Ag.			Ec.	135	Sept.	2		OHIO

STATE ASSOCIATION SPONSOR AND SCHOOL LOCATION		SUBJECTS PRESENTED										OPERATIONS				STATE
		Operations & Controls	Personnel Relations	Public Relations	Commercial Credit	Installment Credit	R. E. Credit (Urban)	Ag. Credit & Operations	Investments	Trusts	Economics	Attendance (Approx.)	Date (month)	Session (days)	Fee (dollars)	
OKLA.	Bankers Study Conference—Oklahoma University	Op.	Per.	Pub.	C.Cr.	I.Cr.	R.Cr.	Ag.	Inv.	Ec.		250	Sept.	3	60	OKLA.
OREG.	Agricultural Clinic—Oregon State College, Corvallis							Ag.		Ec.		50	Sept.	1	3	OREG.
PENN.	Bank Operations Clinic—University of Pennsylvania	Op.	Per.	Pub.					Inv.	Ec.		450	Jan.	2	15	PENN.
	Directors' Seminar—Pennsylvania State University	Op.	Per.	Pub.						Ec.		50	Aug.	2	25	
	Lending Conference				C.Cr.	I.Cr.	R.Cr.					300	Nov.	2	20	
	Public Relations Conference		Per.	Pub.						Ec.		300	Sept.	2	20	
	Summer School, Pennsylvania State University	Op.	Per.	Pub.	C.Cr.	I.Cr.	R.Cr.	Ag.	Inv.	Ec.		250	Aug.	5	85	
	Trust Department Training School—Pennsylvania State University	Op.							Inv.	Tr.	Ec.	50	June	5	100	
R.I.	Connecticut-Rhode Island Farm Credit School—State Universities							Ag.				50	May	1		R.I.
S.C.	(See North Carolina)															S.C.
S.D.	Bankers Short Course—South Dakota State College	Op.		Pub.		I.Cr.		Ag.	Inv.	Ec.		300	Apr.	2	5	S.D.
	Junior Employees School—University of South Dakota	Op.	Per.	Pub.		I.Cr.		Ag.		Tr.			July	5	50	
	Bank Management Clinic—University of South Dakota															
TENN.	Bankers Conference—University of Tennessee	Op.	Per.	Pub.	C.Cr.	I.Cr.		Ag.	Inv.	Ec.		150	Sept.	9	46	TENN.
TEX.	Bankers Conference—University of Texas	Op.	Per.	Pub.	C.Cr.	I.Cr.	R.Cr.	Ag.	Inv.	Ec.		450	Sept.	4	45	TEX.
UTAH	Farmers-Bankers School—Utah State Agricultural College, Logan							Ag.					7-14			UTAH
VT.	Farm Credit Conference—University of Vermont							Ag.				130	Apr.			VT.
	Vt.-N. H. School of Banking—rotates among University of Vermont, Dartmouth College and University of New Hampshire	Op.	Per.	Pub.	C.Cr.	I.Cr.	R.Cr.	Ag.	Inv.	Ec.		175	Sept.	3		
	Bankers Conference—University of Virginia	Op.	Per.	Pub.	C.Cr.	I.Cr.		Ag.	Inv.	Tr.	Ec.		Aug.	5	50	
VA.	Farm Credit Conference—Natural Bridge Hotel							Ag.				200	Mar.	3	7.50	VA.
	Consumer Credit Conference				C.Cr.	I.Cr.						200	Oct.	1½		
	Banking Conference—Washington State College	Op.	Per.	Pub.						Ec.			Apr.	2		
WASH.	Bank Study Conference	Op.		Pub.								175	Oct.	2		WASH.
W.VA.	West Virginia School of Banking—University of West Virginia	Op.	Per.	Pub.	C.Cr.	I.Cr.	R.Cr.	Ag.	Inv.	Ec.		150	Oct.	3	30	W.VA.
WISC.	Bankers Agricultural Conference—University of Wisconsin							Ag.		Ec.		150	Mar.	1		WISC.
	Junior Bankers Conference—University of Wisconsin	Op.	Per.	Pub.	C.Cr.				Inv.	Ec.		250	Nov.	1		
WYO.	Credit Conference—Casper	Op.			C.Cr.	I.Cr.	R.Cr.	Ag.	Inv.	Ec.		70	Apr.	3		WYO.



International Banking Summer School

Sponsorship

THE Institute of Bankers in England founded the International Banking Summer School at Oxford University in 1948 for the purpose of giving bankers throughout the world the opportunity to meet once a year for a discussion of worldwide banking and financial problems. The school is now supported by important banking groups abroad and in the United States.

The International School holds every third session at Oxford University. In other years it is conducted, by invitation, in various other countries. In 1956 its 2-week session was held at Rutgers University in New Brunswick, N. J.

Curriculum

THE curriculum varies from year to year. Usually it is centered on some timely aspect of international banking and finance. This year's program dealt with problems of international trade and finance from the Western Hemisphere standpoint. It was, to a degree, a counterpart of the program at Oxford University last year, which was primarily oriented from a European standpoint. There are no textbooks, and no credits are given.

During the 1956 summer term at Rutgers, 2-hour morning lectures were given on these topics: "United States Foreign Economic Policy"; "International Institutions for Long-Term Financing"; "The Canadian Economy and Its Bearing on International Trade"; "The United States Economy and Its Bearing on International Trade"; "American Law as Affecting Foreign Trade"; "United States Foreign Trade Financing"; "Latin-American Monetary and Exchange Policies"; "Changes in the American Financial

Structure and Their International Implications"; "United States Monetary Policy and Its International Implications"; and "American Investment Abroad."

Afternoon sessions were devoted to round-table discussions of topics relating to the session's general theme. Subjects covered included: "The United States Banking System"; "Foreign Exchange Dealing Methods"; "Medium-Term Credit in Domestic and International Banking"; "United States Government Finance"; "Small Loans and Consumer Credit"; "Problems of Creditor Nations"; and "The Influence of Law on Documentary Credit Practices." Also included was an operations observation tour of 14 New York City banks.

Faculty

WITH the exception of four discussion leaders from England and Scotland, who moved from group to group during the round-table discussions, the school has no regular faculty. Morning sessions were addressed by a U. S. Assistant Secretary of State; by four bankers, one of whom is associated with the International Bank for Reconstruction and Development; a lawyer; two industrialists; and two educators. Most were from the United States.

Qualifications

ATTENDANCE at the IBSS is on a quota basis by nation and is limited to around 200 bankers to allow as much personal contact as possible. Students are chosen by their banks—usually leading institutions in the various countries with an interest in foreign trade financing.

Tea time at the IBSS was a regular custom following afternoon roundtable discussions



Careers in Banking Especially Inviting Today

GEORGE B. WARD

MR. WARD is director, Bank Personnel Administration, American Bankers Association.

CAN banking compete for manpower? Will banking be able to obtain not only the employees it needs for its day-to-day operations, but, of greater importance, can it offer careers that will attract men and women who are capable of becoming the banking leaders of the future? In the answers to these questions may well lie the future of our private banking system.

Leaders in American banking who have given serious thought to these questions are convinced that the answers are *yes*. Banking *can* compete successfully for manpower.

However, with the economy undergoing constant expansion and the country dedicated to a policy of full employment, all types of business are intensifying their efforts to attract the "cream of the crop." Banks cannot sit back and expect potential employees to walk in the door. Bankers must get out and sell what banking has to offer.

Surveys of college students have shown that it is a combination of factors that attracts students. Business concerns that put together an appealing package stand the best chance of obtaining desirable employees.

Banks can present a package that should attract high school and college students to banking as a career. Each bank must analyze what it has to offer, assemble the parts into an intelligible package, and then go out and sell it.

Opportunity Plus Self-Discipline

NO ONE can deny the opportunities of banking. Those opportunities, however, can be successfully exploited only by those individuals who work to develop themselves. In other words, while management can provide the opportunity and perhaps encouragement, the person who aspires to banking leadership must undertake independently a program of self-development. This is something which takes time, work, and self-discipline.—HERBERT V. PROCHNOW, Director, The School of Banking at the University of Wisconsin.

What are some of the factors a bank can consider in its recruiting appeal:

(1) Banking is a growth business that will expand with the economy.

(2) Banking requires a high proportion of executive and supervisory employees.

(3) Banking consists of a variety of activities and can appeal to individuals of diversified interests.

(4) Banking salaries are more competitive than at any time since the start of World War II.

(5) Banking offers opportunities for rapid advancement to positions of higher responsibility with corresponding increases in salary.

(6) Banking compares favorably with other businesses on such things as working conditions, fringe benefits, and security of employment.

(7) Banking enables a young man to establish his family roots in a community with some assurance that they will not be torn up by his sudden transfer to another plant or office in a distant state.

(8) Banking has developed an internal educational program at the local, state, and national level that is without equal. High school and college graduates with executive potential are interested in what facilities are available that will help them learn the business of their choice and thus prepare them for rapid advancement.

THE above is not intended to be a complete list of the strong points banks can present. Each bank can add other items relating specifically to itself and its community. The assembled package is bound to look appealing. However, one of the main factors in which college students are interested is still missing. That is—has the bank a definite plan or procedure for training and developing the student if he accepts employment?

This is one area to which most banks had not given sufficient thought until recent years. Now, however, many banks have developed practical training programs that, when combined with the factors mentioned earlier, have strong competitive appeal. Backed up with intelligent recruiting, these banks are able to compete in the present tight labor market and are obtaining adequate numbers of potential future executives.

Banking has the inducements needed to compete for manpower. However, more banks must take full advantage of the above strong points, and bankers everywhere must do a more effective selling job on the career opportunities that exist in banking today.

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For the complete picture on how the Sensimatic—and Burroughs-perfected bank bookkeeping systems—can help you solve bank accounting problems thriftily, send in coupon on this page.

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- ☐ **SPECIAL CHECKING ACCOUNTS**—*Post-to-Check Plan* materially reduces the cost of handling checking accounts. This plan has saved 35% of the time, 33% of the space, 50% of equipment investment, 50% of customer inquiries. Month-end peaks are leveled.
- ☐ **SAVINGS ACCOUNTING**—*Window Posting Plan* applies to either the Unit or Dual operation; results in faster customer service, accurate records with a single handling of the media, prompt cash balancing, positive proof of the accuracy of every step.
- ☐ **MORTGAGE LOANS**—*Mortgage Posting Plan* provides for automatic preparation of payment-due notice and uses Burroughs electronically precalculated loan interest tables. Complete posting, billing and interest computation in one fast operation.
- ☐ **COMMERCIAL LOANS**—*Streamlined Control Plan* affords instant location of loan information, simplifies teller operation, speeds accurate balancing, proves accuracy of all records, gives positive delinquency control, improves audit control. For all types of loans.
- ☐ **INSTALLMENT LOANS**—*Coupon-Ledger Plan* schedules coupons and ledger, simultaneously. Provides proof of posting for payments and control totals. The customer has complete information, including balances before and after payment. Cuts costs, increases mail-ins.
- ☐ **LOAN AND SAVINGS**—*Pre-Audit Window Posting Plan* means one-time posting. Speeds accurate customer service, eliminates back-office proving and duplicate posting, provides complete figures for control and general ledger posting.
- ☐ **GENERAL BOOKKEEPING**—*All-Purpose Accounting Plan* mechanizes accounting in all departments with one Sensimatic. Handles commercial bookkeeping, savings accounting, loan accounting of all types, general ledger posting and the daily statement.
- ☐ **OTHER ACCOUNTING SOLUTIONS**—*Whatever your accounting problem*, there's sure to be a Sensimatic solution. Check here for constructive counsel from a Burroughs representative.

BURROUGHS CORPORATION, Detroit 32, Michigan

Please furnish more information on Burroughs bank bookkeeping systems for the subjects checked above.

NAME _____ TITLE _____

BANK _____

STREET _____

CITY _____ ZONE _____ STATE _____

Community Relations by Banks

FALL is the time of year when families think seriously of modernizing, repairing, and remodeling their homes. Operation Home Improvement and the many other organized promotions have all stressed the national importance of making substantial home improvements and increasing property values during 1956. To focus high-income family attention on home improvement and to spark immediate action this fall and winter, the *Saturday Evening Post's* September 29 issue will feature a special advertising section of the wide range of products and services which are a part of OHI.

Each page of this section will carry an identifying symbol to hold the reader's attention and direct him to the accompanying pages of advertising.

In conjunction with this special advertising section, the *Post* is making available kits of retail display materials which will feature an event called "Fall Home Improvement Fair" and an action line of "Be Wise . . . Modernize . . . Have Your Home of Tomorrow Today!"

While these materials are primarily designed for retail use, they have particular adaptability for banks, as is demonstrated in the "Planbook" which is just one piece of the 40-piece kit of materials.

According to Jack Doscher, executive director of OHI, and Channing Way, building products manager of the *Post*, bankers have been outstanding promoters of OHI, and they believe this is the ideal opportunity for bankers to promote citywide, OHI selling events which are designed to build better fall and

winter business in the community as well as improve local standards of living.

Bankers can promote these citywide events by encouraging local hardware stores, lumber yards, appliance stores, plumbing and heating contractors, builders, etc., to reserve a kit and to plan the big "Fall Home Improvement Fair" as a community venture starting September 25, the date the *Post* issue will be on sale.

The colorful "Fair" kits can be reserved for September 6 shipment by sending a check to the order of The Curtis Publishing Company for \$2.50 for each kit ordered (this is the basic cost of the kit). Address the request to Channing Way, manager of the Building Products Division of *The Saturday Evening Post*, Independence Square, Philadelphia.

Bank, Chamber of Commerce or other lobbies, town squares, or other high traffic areas become citywide "Fair" promoters by using shocks of grain and local produce to draw attention to a large sign board. Top and bottom of the sign are kit streamers. Sign reads: VISIT THESE STORES AND SEE THE FAIR. The closing sign copy reads: HOME IMPROVEMENT LOANS ARE AVAILABLE AT LOW COST AT (BANK LOGO)



"Fair" kit materials make a "sock-em" booth out of your window or in your lobby. Wallpaper of wooden pattern makes counter illusion, crepe paper or fabric the awning, small home improvement items on shelves the "prizes." Add targets and baskets of balls. Sign below targets reads: YOU CAN'T MISS WITH QUALITY POST-ADVERTISED PRODUCTS FOR HOME IMPROVEMENT

NEW *Auto-feed* by **DRI-STAT**



makes photocopy processing automatic!

now photocopying is **EASIER**
BETTER
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Auto-Feed is the only real advance in photocopying since the Peerless "Bright-Light" system took the photocopier out of the closet and put it on the office desk.

With Auto-Feed, automatic fingers take the photocopy papers from your hands and feed them through the processor at precisely the correct speed. You cannot make an error. Positive and negative sheets are mechanically locked together to assure perfect registration.

Exposure settings are much less critical because development is guaranteed along the entire length of the sheet. And you get many more copies in less time because you can expose one set of prints while the Dri-Stat is automatically processing another.

Like all Peerless Dri-Stat machines, the new Auto-Feed Dri-Stat copies more things better: letters, financial statements, credit reports, loan account ledger cards and ledgers for customer use, deposit slips, identification cards, personal records for investigation, etc.

The new Auto-Feed is available in a combination printer and processor, or as a processor alone. Your Peerless distributor will be pleased to demonstrate the Auto-Feed or the Standard Dri-Stat right in your own office... and in your normal office light.

Ask us to prove it!

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PEERLESS PHOTO PRODUCTS, INC.
Shoreham, Long Island, N. Y.

I would like to see the Dri-Stat Auto-Feed operate in my own office under my normal office lights. Please have your nearest distributor call me for an appointment.

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B-9

Some Considerations in Setting Up

Pension and Profit-Sharing Plans

H. T. ETHERIDGE, JR.

The author is a chartered life underwriter of El Paso, Tex.

ALTHOUGH the idea of retirement or pension and profit sharing is nearly a century old, the greatest growth has come within the past 10 or 15 years. The reason for this is the appeal of such plans as an "ideal" in employee-employer relationships, the emergence of retirement problems resulting from current income tax rates, and the favorable tax treatment of both employee and employer for plans qualifying under Internal Revenue regulations.

It's generally known what is required of a qualified pension plan: no discrimination, benefits exclusively to employees, no possible reversion of employer's funds to employer, a sufficient number of employees of total employed or of a class or classes of employees so as to avoid discrimination in favor of officers, shareholders, supervisory or highly compensated employees.

There are many types of plans, but I will deal here mainly with pension trust and profit-sharing plans.

Where Earnings Vary

Some businesses with wide variations in earnings from period to period are adapted to the profit-sharing type of plan. With such a plan, distribution to the employee's

retirement fund is based upon a definite formula of income, so that in poor profit years nothing is contributed. In good profit years a moderate distribution is made, and in very good years there is a heavy contribution. The Internal Revenue law has also provided for a carry-over which permits the employer's contribution to average as much as 15% of total compensation of employee participants. Thus, where a corporation's contribution in some taxable year is less than the 15% limitation, but in some subsequent year exceeds the 15% limitation, the deductions are allowed when paid in succeeding years in order of time, but the amount so paid and deductible in any succeeding year shall not exceed 15% of the compensation otherwise paid or accrued during such succeeding taxable year to the beneficiaries under the plan. Likewise, where the formula produces more than 15%, the carry-over can be deducted in a later year when the formula produces less than 15% of compensation. Thus a properly drawn plan has wide latitude for deductions of contributions.

Other business enterprises with a fairly steady, stable income are better suited to a plan which calls for a regular, predetermined annual contribution to the retirement fund. This is commonly known as a pension trust plan.

Many employers, when considering the establishment of a plan, hesitate to commit the company for a definite outlay each year and, therefore, favor a profit-sharing plan. Obviously, the plan which automatically provides for no contribution during poor profit years has its appeal to management. The pension trust plan with its definite committed cost can be suspended temporarily during poor profit years, but its suspension calls for reports satisfactory to Internal Revenue and is not automatic as is the profit-sharing plan with its predetermined formula.

On the other hand, the pension trust plan enables the employer to spell out to his people the definite guaranteed values accruing to each participant year by year with accurate values and income available to each employee at age 65. After working with approximately 1,000 eligible participants under nine different plans, I have become convinced that they are intensely interested in guaranteed definite future benefits. If the purpose of management in establishing a retirement plan is to stabilize his employees by reducing turnover, create a more satisfied and efficient labor force, and give a realistic and immediate feeling of future security, I firmly believe a pension trust will more nearly accomplish these objectives than will a profit-sharing plan.

Value of Human Elements

I believe we will all agree that the human elements — experience, know-how, ambition, loyalty, and the many other intangible qualities in the personality of any successful business — are its most valuable asset. Without these human elements the tangible equipment, such as machinery, buildings, land, and raw material, is virtually worthless. A plan of deferred compensation, whatever its form, is no different as a commitment by management from the one made to buy capital assets. In my opinion this commitment to the human element is at least as important to the future success of the business. Too often, management refuses to recognize this fact and is unwilling to consider a definite money outlay for the employees' future economic security.

Recognizing this fact, I believe

the ideal plan is one which goes along with management's idea of no definite annual cost—the profit-sharing plan—with a portion of the accumulated funds used to purchase definite future benefits in the form of some type of annuity or retirement contract which will give the employee a basis for future definite money benefits.

Investment of Funds

Under a profit-sharing plan the funds accumulated are held and invested by a trustee—often a bank or trust company—under the terms of the trust agreement. If funds are invested in stocks or securities of the employer, full disclosure of the reason and conditions must be made to satisfy the Internal Revenue commissioner that no purpose is served other than that of the employees. If investments are made in annuities or other contracts issued by an insurance company, the actual investment of funds is handled by the underwriter.

Another procedure in the case of profit-sharing funds is to purchase insurance on principal officers in favor of the trust to indemnify the employees against loss of company contributions because of lowered profits if management dies. Also, funds can be used to insure the lives of stockholders in a close corporation, with a buy-and-sell agreement for the heirs to sell and the trust to buy the stock involved. Since this entails purchase of company stock, approval of the Internal Revenue Service must be obtained prior to entering into the agreement.



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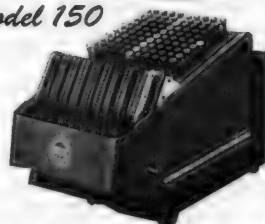
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BANK LAW NEWS

Banks, Finance Companies, and Discount—Trust Administration

BANKS, FINANCE COMPANIES, AND DISCOUNT

High court of New York holds that taking of interest in advance is privilege restricted to corporations chartered under the banking law.

ALTHOUGH a corporation may have the power, both under its charter and under New York's corporation law, to lend money and to acquire notes, it may not take interest on its loans in advance, and if it does, the notes evidencing the loans are void under the provisions of New York statutes prohibiting encroachments upon the powers of banks, a majority of New York's Court of Appeals has held.

The court had before it the case of a commercial finance company or "factor," so-called, which had loaned \$15,000, taking in return promissory notes calling for 6% interest at maturity, and at the same time, in accordance with custom, deducting from the proceeds of the loan a \$675 "bonus" or "discount charge." In holding that the note was void as an illegal discount by a nonbanking corporation, the court struck down several novel defenses.

It held that there was nothing in the statutes prohibiting the taking of discount by others than banks (see N. Y. Banking Law §131; N. Y. Gen. Corp. Law §18) to suggest that they do not apply to the taking in advance of a "bonus," as opposed to what is formally and specifically called interest on a note. If that were the case, any corporation could circumvent the statutes by the simple device of deducting in advance a part of its compensation "which to all intents and purposes is interest," and labeling it a "bonus," or "compensation," or "premium," the court said.

It failed to "see any validity" in the prior holding of an intermediate appellate court that inasmuch as

the "factor" charged approximately 24%, while banks cannot charge more than 6%, the transaction "was not the making of a discount such as might be engaged in by a bank." "The rate exacted is not the test," it said. "The pertinent statutes do not provide that their prohibition of discounts is to be effective *only* if the annual rate charged is 6% or less and the *entire* discount is taken in advance rather than three fourths of it. They plainly forbid all discounts."

Finally, it held that the fact that the pertinent statutes limit the exercise of *several* specified activities to banks alone does not mean that nonbanking corporations may engage in *just one* of those activities.

Twenty-six years ago, the same court in another split decision held that a nonbanking corporation is not prohibited from *purchasing* at less than face value *existing* notes which had a previous *valid inception*, if the purchase "is not a mere device for carrying on the business of advancing or loaning money at interest." *Meserole Securities Co. v. Cosman*, 170 N. E. 519. The minority at that time felt that a purchase as well as a loan at a discount violated the banking law.

In the instant case, the majority, despite some seemingly loose use of the term "discount," attempted to make clear that "it is the *lending* of money, and the deduction of the compensation for the loan in advance, from notes given to secure repayment thereof, that is pro-

hibited . . ." The minority entered no opinion to explain their feelings on the matter.

The decision poses the interesting question: What would be the right of a bank to enforce collection of notes taken for value and without notice of an illegal "bonus" deducted at the time of their inception? *Miller v. Discount Factors, Inc.*, 135 N.E. 2d 33, 152 N.Y.S. 2d 273.

TRUST ADMINISTRATION

Prudent man trustee must exercise independent judgment in investment matters.

A CALIFORNIA corporate trustee which made no independent exercise of its own discretion and judgment prior to selling off a large portion of the common stocks which constituted nearly one half of the corpus of a testamentary trust, but merely concurred in the suggestion of one of the three beneficiaries of the trust that the opportune time to sell had arrived, has been held guilty of a breach of its trust.

California's District Court of Appeal held that the trustee had speculated, selling to realize capital appreciation in anticipation of a break in the market, when it should have acted as a prudent man in the exercise of the broad investment powers given in the will. It required the trustee to pay into the capital of the trust, for the benefit of that one of the three beneficiaries who had not consented to the sale, one-third of the capital lost by the breach of trust, plus interest at the legal rate from the date of the breach to the date of restoration. It fixed the amount of capital lost at \$109,225, the amount of the state and Federal taxes and expenses of sale which the trustee had paid out against a gross profit of \$385,667 on the sale. In re *Talbot's Estate*, 296 P.2d 848. •

(CONTINUED ON PAGE 96)

Money

Our budget shows
What it should have been spent for;
But the bills disclose
What it actually went for.



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(CONTINUED FROM PAGE 94)

ASSIGNMENTS OF ACCOUNTS RECEIVABLE

Assignee held protected only as to accounts existing at time of filing notice of intent to assign.

IN the opinion of the U. S. Court of Appeals for the 5th Circuit, a statute authorizing the assignment of accounts receivable which defines such an account as a "right to the payment of money presently due or to become due under an existing contract . . .," protects the assignee's right to the proceeds of only those accounts which were in existence when the assignor executed the notice of intention to assign accounts required by the statute.

Such a statute was enacted in Texas in 1945. In 1953, a Texas bank entered into a continuing creditor-debtor relationship with a corporation, under the terms of which the corporation was to borrow money from the bank, secured by assignments of the corporation's accounts receivable. A "Notice of Intention to Assign Accounts Receivable" was executed by the corporation, delivered to the bank, and duly filed with the county clerk.

Thereafter the bank made advances to the corporation from time to time, against schedules assigning specifically designated accounts. Several months later the corporation became bankrupt. During the four months prior to the bankruptcy, the bank received some \$11,000, representing the proceeds of assigned accounts which had not been in existence when the statutory notice was filed. The trustee in bankruptcy laid claim to these collections. The referee upheld the claim. His findings were affirmed by the Federal District Court and, in general, by the Court of Appeals.

In effect, the Court of Appeals held that the bank did not acquire a lien on accounts receivable coming into existence after execution of the notice of intent to assign, for the reason that such accounts were not within the contemplation of the parties when the notice was executed. Consequently, the receipt of the proceeds of such accounts after the date on which the corporation became insolvent were held to be vulnerable to attack by the trustee under the provisions of Section 60 of the Bankruptcy Act, as

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payments of an antecedent debt.

The decision would seem to require banks in any state having a similarly worded statute to ascertain, before lending money on any account, whether the account arose under a contract in existence when the underlying notice of intention to assign accounts was executed and, if it did not, to obtain and file a new notice of intention—a situation hardly conducive to large scale accounts receivable financing.

In Texas, at least, the situation already has been remedied. A 1955 amendment to the statute in question provides that an account receivable "means an existing or future right to the payment of money presently due, or to become due (a) under an existing contract or under a future contract entered into during the effective period of the notice of assignment. . . ." It also provides that a filed notice of assignment "shall protect the assignment of accounts which arise during such effective period and which originate out of existing or future contracts, and are assigned by assignor to assignee at any time during such period, regardless of whether such account was in the contemplation of the assignor and assignee when such notice was executed." *Republic Nat'l. Bank of Dallas v. Vail*, U.S.C.A. 5, No. 15652, 4.19.56. Reported in *C.C.H. Bankruptcy Law Reports*, ¶58,706, 6.4.56.



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BANKING NEWS

General Session Speakers at A.B.A.'s 82nd Annual Convention Are Announced by President Fred F. Florence

Outstanding representatives of American business and financial life will be among the speakers who will address business sessions at the 82nd annual convention of the American Bankers Association to be held in Los Angeles, Calif., October 21-24, according to Fred F. Florence, president of the Association, and president of the Republic National Bank of Dallas, Texas. The 4-day national meeting will attract bankers from all parts of the United States to Los Angeles.

Included among the general session speakers will be Eugene Holman, chairman of the board of the Standard Oil Company of New Jersey, New York City; Theodore V. Houser, chairman of the board of Sears, Roebuck and Co., Chicago; W. Randolph Burgess, Under Secretary of the Treasury, Washington, D. C.; and Dr. Arthur S. Flemming, director of the Office of Defense Mobilization, Washington, D. C.

President Florence Presides

The first general session in the Paramount Theatre on Tuesday, October 23, will be called to order by President Florence, who will deliver the presidential address following opening ceremonies. The ceremonies will include the presentation of the Colors by the Naval Reserve Officers Training Corps of the University of Southern California, Los Angeles; invocation by the Reverend R. I. Lindquist, First Presbyterian Church of Hollywood; and "Greetings from the Los Angeles Banks" by Frank L. King, president, Los Angeles Clearing House and president, California Bank, Los Angeles.

Others speakers at this session will be Under Secretary of the Treasury Burgess, who will bring "Greetings from the United States Treasury Department," and Eugene Holman, chairman of the board, Standard Oil Company of New Jersey, New York.

President Florence will also preside at the second general session on Wednesday, October 24, and the



An aerial view of the freeway as it approaches the heart of downtown Los Angeles

Naval Reserve Officers Training Corps will again present the Colors. Speakers at this session will be Mr. Houser and Dr. Flemming.

The Resolutions and Nominating committees will report; resolutions will be adopted; and new officers of the A.B.A. will be elected and installed.

"Trend of Bank Loan" Study Available on Subscription

The Research Council of the American Bankers Association has just completed and has available the current semiannual supplement of its publication. "The Trend of Bank Loans," covering the first half of 1956. The publication, which is available on a subscription basis at \$2 per year, presents, in convenient form for analytical purposes, the loan data released by the Federal Reserve System on weekly reporting member banks and provides forms for keeping the series up-to-date.

The new supplement and information about "The Trend of Bank Loans" may be obtained from the A.B.A. Research Council, 12 East 36 Street, New York 16, N. Y.

Five Honolulu Banks Plan Meeting and Sightseeing for Mainland Bankers

Talks on Hawaii's Expanding Economy, Investment Chances

Five Honolulu banks are sponsoring a 2-day postconvention business meeting in Honolulu following the American Bankers Association convention in Los Angeles on October 21-24. The meeting in Honolulu is scheduled for Friday and Saturday, October 26 and 27.

A highly informative business session on Hawaii's expanding economy will be presented with current information on sugar, pineapple, and tourist industries, new industry growth potential, and investment opportunities. In addition, the delegates will have the opportunity to spend a day with the Armed Forces in order to see and learn something of Pacific national defense efforts.

Military Review

Through the cooperation of the military authorities, a review of a full combat division of the Army will be held, followed by lunch at a soldiers' mess in the field. Extensive tour of Pearl Harbor is also arranged, which will include a visit to the site of the sunken battleship *U. S. S. Arizona*.

After the 2-day business session, the delegates may take sight-seeing trips to the neighboring islands to see and appreciate the beauty of Hawaii. There are scheduled airplane flights to all the major islands with modern hotel accommodations.

There also will be opportunities for swimming at Waikiki, surf boarding or deep sea fishing, golfing, and relaxation in the sun.

Bankers interested in going to Hawaii on the A.B.A. postconvention trip may write to any of the sponsoring banks in Honolulu: American Security Bank, Bank of Hawaii, Bishop National Bank of Hawaii, Central Pacific Bank, or The Liberty Bank of Honolulu, or obtain information from the T. J. McGuire Travel Company, 333 N. Michigan Ave., Chicago, Ill.

Active Competition Among Banks in Drawing Business Disclosed by A.B.A. Survey

Advertising Is Designed to Attract Business of Small and Large Firms

A survey conducted by the Small Business Credit Commission of the American Bankers Association, covering 64 important trade areas of the United States, has just been completed and shows that there is active competition by banks and that substantial sums are being spent in advertising by banks to attract business from small as well as large firms. Completion of the survey was announced last month by William F. Kelly, chairman of the Commission, and president, First Pennsylvania Banking & Trust Company, Philadelphia.

Small Banks Broaden Base

"Small banks are making an effort to broaden their base of customers by inviting applications of credit from small business," Mr. Kelly said. "While under presentday conditions, it is generally noted that credits are receiving more scrutiny, there have been no reports that small business enterprises have suffered from undue pressure for reducing their loans. In view of the inflationary potentials, small as well as large business enterprises that are making applications for credits from banks are receiving definite requests for audited statements; and there is a more thorough investigation of the purposes for which money is being borrowed. This selective credit policy actually performs a real service to the small business bank customer by discouraging unsound or unwarranted expansion at this time. The loans that are being made are put on the soundest basis possible," Mr. Kelly asserted.

In its survey, the A.B.A. Small Business Credit Commission asked banks as to their lending policies and practices with regard to small business enterprises in their trade areas. About 70% of the banks participating in the survey indicated that they extended lines of credit to small business enterprises, and reports showed that the extension of lines of credit was more a practice in large population centers than in rural areas. The credit restraint

A.B.A. Executive Council Members Elected by State Groups for 3-, 2-, and 1-Year Terms Announced By Mr. Florence

Members of the Executive Council of the American Bankers Association elected for 3-year terms during the 1956 state bankers association conventions have been announced by Fred F. Florence, president of the A.B.A., and of the Republic National Bank of Dallas. They are:

Roy A. Britt, president, Citizens National Trust & Savings Bank, Los Angeles; Walton L. Sanderson vice-president, National Bank of Washington, Washington, D. C.; William E. Irvin, executive vice-president, Idaho First National Bank, Boise; Wilfred H. Heitmann, president, Northwest National Bank of Chicago, Chicago, Ill.; T. Earl McNamara, president, Union National Bank of Streator, Streator, Ill.; (Election to be held in Iowa, October 28-31.); M. R. Young, president, First National Bank, Dodge City, Kans.; (Election to be held in Kentucky, November 11-13.); Frank

policy has not produced any significant amount of cancellations of lines of credit, according to replies from 83% of the participating banks. It is hard to generalize, many of the bankers pointed out.

In rural communities which have undergone an agricultural revolution due to mechanization of farms and decreases in farm population, many small local businesses are finding it difficult to adjust to new and changed conditions. This and other factors have caused other banks to become considerably more careful in extending credit to small business. In other areas, restraint has been exercised in granting credit to real estate developers in order to reduce rapid expansion of subdivisions. In some cases, builders have been hampered by a lack of sufficient working capital.

It was observed by bankers in all of the trade areas that there is bountiful evidence that credit is available to small business enterprises, given by the continued high level of loans being made to small businesses. Banks consider it to be a strong moral obligation to take care of all legitimate needs of existing customers.

Patenotte, vice-president, Guaranty Bank & Trust Co., Amite, La.; Clarence G. McDavitt, Jr., chairman of board and president, Somerville (Mass.) National Bank; H. H. Gardner, president, Birmingham National Bank, Birmingham, Mich.

Donovan E. Crouley, vice-president, Northwestern National Bank, Minneapolis, Minn.; L. Y. Foote, president, First National Bank, Hattiesburg, Miss.; W. R. Courtney, president, Mexico Savings Bank, Mexico, Mo.; Clarence M. Brobst, president, Chemung Canal Trust Company, Elmira, N. Y.; Garland Johnson, president, The Bank of Elkin, Elkin, N. C.; Lee M. Stenehjem, vice-president, First International Bank, Watford City, N. Dak.; A. I. Kidston, vice-president and secretary, Dollar Savings & Trust Company, Youngstown, Ohio; R. Elmo Thompson, president, First National Bank & Trust Co., Tulsa, Okla.; Henry E. Shelton, executive vice-president, Forest Grove (Oreg.) National Bank.

Mahlon K. Robb, president, Bellefonte (Pa.) Trust Company; C. A. Sienkiewicz, president, Central-Penn National Bank, Philadelphia; Harry M. Arthur, president, Arthur State Bank, Union, S. C.; William Parker, president, Citizens Bank, Lafayette, Tenn.; P. B. (Jack) Garrett, president, Texas Bank and Trust Company, Dallas; Wendell M. Smoot, executive vice-president, Zion's Savings Bank and Trust Co., Salt Lake City, Utah; Richard H. Gaylord, president, Northfield (Vt.) Savings Bank; Herbert H. Cooley, vice-president and cashier, Round Hill (Va.) National Bank; Luther S. Berry, executive vice-president, Union National Bank, Clarksburg, W. Va.; and Ray G. Tiegs, president, Wisconsin State Bank, Milwaukee.

Elected at 1956 state convention for 2-year term was B. Meyer Harris, president, Yellowstone Bank, Laurel, Mont.

Elections at 1956 state conventions for 1-year term were: Paul D. Dodds, senior vice-president, Security-First National Bank, Los Angeles; Wendell B. Trenchard, president, DeLand (Ill.) State Bank; and Charles H. Hewitt, executive vice-president, The Detroit Bank.



George H. Hottendorf

Kidnappings Preliminary to Robberies Pose Challenge

Kidnapping bankers in their homes or waylaying personnel between home and bank as a preliminary to robbery was infrequent since the 1930s but again presents a challenge, according to George H. Hottendorf, deputy manager of the American Bankers Association and manager of the Insurance and Protective Committee.

"Under threat of violence the victims are compelled to lead the way into the bank or otherwise facilitate the robbery as planned," said Mr. Hottendorf in the July-August *Protective Bulletin*.

"During a 6-months' period," he said, "11 such attacks were reported and the loot in one robbery reached a high of \$188,785. Usually two, three, or four gunmen comprised each bandit gang, augmented in two cases by women. All appeared capable of carrying out the threats made by them to enforce their commands. . . ."

Continuing, Mr. Hottendorf said that "bank holdups, beginning with night kidnapping of officers from their homes, pose a serious challenge to individual bank officers and other key personnel.

"Bandits staged a repeat performance in one town presumably in the belief that they would be as unexpected as the first time. They were mistaken. When greeted with gunfire they fled, leaving one of the gang dead.

"Bankers should prepare themselves and their families in the hope of frustrating bandits who may attempt to enter their homes."

43 New Association Members Include Many Branches

Forty-three banks in 10 states became members of the American Bankers Association during July, according to the monthly report of Glen C. Mellinger, chairman of the Association's Organization Committee. Mr. Mellinger is vice-president of The Detroit Bank. The new A.B.A. members are:

ARIZONA: First National Bank of Arizona; Fry and Safford branches*.

CALIFORNIA: United States National Bank of San Diego, La Jolla and Orange offices*; South Bay Bank, Manhattan Beach*; Mariners Bank, Newport Beach; First Western Bank and Trust Company, Orland Office*; Citizens National Trust & Savings Bank of Riverside, Highland-Wall Office, San Bernardino; and First National Trust & Savings Bank of San Diego, Euclid & Federal Branch, San Diego.

GEORGIA: Albany Trust & Banking Company; Citizens Banking Company, Barwick; Citizens Bank, Broxton; and Industrial Savings Bank of Savannah.

LOUISIANA: Simmesport State Bank*.

NEW YORK: The County Trust Company offices as follows: Bed-

ford; Briarcliff Manor; Post Road, Larchmont; Gramatan Avenue, Mount Vernon; South Fulton Avenue, Mount Vernon; West Street, Mount Vernon; Drive-In Branch, Port Chester; Aqueduct Road, White Plains; Mitchell Place, White Plains; West Post Road, White Plains; South Broadway, Yonkers; and Yorktown Heights. Meadow Brook National Bank, Locust Grove Office, Syosset*.

OHIO: The Brecksville Bank, Royalton Office, North Royalton*.

OREGON: Southern Oregon State Bank, Grants Pass*.

PENNSYLVANIA: Philadelphia Saving Fund Society offices as follows—all in Philadelphia except the first one: Suburban Branch, Ardmore; Broad and McKean streets; Broad and Ruscomb streets; Cottman Avenue and Rutland Street; Frankford Avenue and Teesdale Street; 11th Street and Lehigh Avenue; 15 South 52 Street; 3 Penn Center Plaza; 78th Street and Ogontz Avenue; 30th and Market streets; and 700 Walnut Street.

TEXAS: Hurst State Bank*.

WASHINGTON: Kennwick First National Bank*, and Peoples National Bank of Washington, Skyway Park Branch, Seattle*.

*Recently organized

Herbert A. Leggett, vice-president and economist, Valley National Bank of Phoenix and editor, *Arizona Progress*, will speak at the President's Dinner during the 34th annual convention of the National Association of Bank Women in Minneapolis, September 18-21. Ben D. Chaps, manager, banking and finance division, Arthur Anderson & Company, Chicago, another convention speaker, will discuss "Bank Automation." Some of the arrangements committee chairmen in photograph below, left to right: Elizabeth Haggerty, American National Bank, St. Paul, co-chairman, Program Committee; Hazel Rosell, Fidelity State Bank, Minneapolis, Registration Committee chmn.; Alice Foss, Farmers and Mechanics Savings Bank, Minneapolis, Convention Publicity Committee chairman; Esther Roberts, First National Bank, Minneapolis, Program Committee chairman; Genevieve Howe, Marquette National Bank, Minneapolis, Entertainment Committee chairman; and Eleanor Vanderbilt, Northwestern National Bank, Minneapolis, Printing Committee chairman. Mary K. Cunningham, Northwestern National Bank, and chairman, General Convention Committee, was vacationing when picture was made



News for Instalment Credit Men

Items and Comment from Our Instalment Credit Commission and Other Sources

French Sees Banks Using "Controlled Flexibility"

COMMERCIAL banks are following a credit policy of "controlled flexibility," it was pointed out by Walter B. French, senior deputy manager of the American Bankers Association, in a lecture at The School of Banking at the University of Wisconsin.

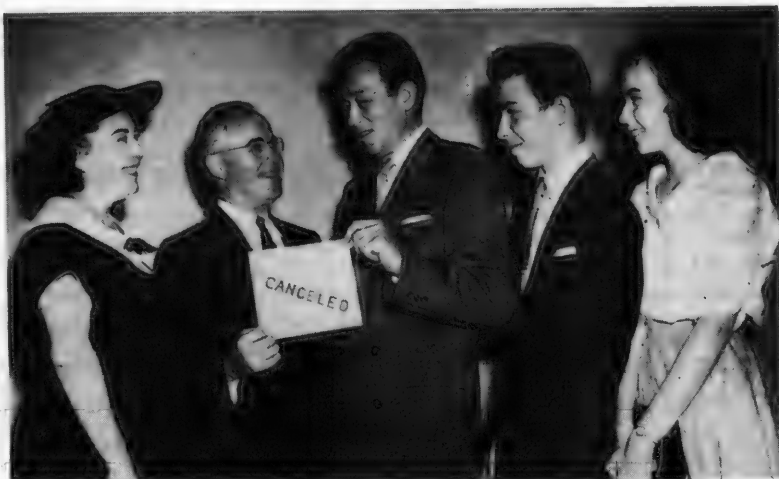
The banks feel that this policy "will provide much of the needed restraint without interfering with good business," Mr. French said. "Credit for constructive purposes should not be denied, but credit for speculative purposes should be discouraged and refused.

"It is appropriate that we reappraise our credit position in the light of any change in our economic scene. Inasmuch as instalment credit plays such an important part in converting our mass production into mass consumption and is most sensitive to inflationary and deflationary pressures, it must be kept in proper balance.

Real Know-How Needed

"The period we are presently experiencing calls for real know-how," Mr. French declared. "The business atmosphere is changing. There are some serious doubts relative to the economic well-being during the third and fourth quarter of 1956. Threats of inflation are in the air. Deflationary movements are always present. There is some question of whether instalment credit is not leveling off as fast as anticipated. There is no question that tighter credit is indicated, but there is no general feeling among instalment credit lenders that the consumer is headed for an economic bust. Collection ratios continue to improve. Repossession experience, while spotty in some areas, generally is not considered a problem. The records show that the average consumer is well able to set his own credit lines. He has proved he is a good credit risk and that he is in a sound financial position.

"However, let us not become complacent," Mr. French counseled.



John B. Paddi, second from left, vice-president of Manufacturers Trust Company, New York, presents canceled note for \$456 to Francis Schmidt, whose personal loan pushed the bank's total in this category over \$1-billion. The money was to finance an operation for Francis, Jr., shown here also with his mother and sister. The bank added a \$100 Christmas Club for the boy

"Let us keep working toward a healthy consumer credit industry—keep it on a sound foundation to offset the demands for credit controls."

Instalments Grow

LEE SILBERMAN, staff reporter for THE WALL STREET JOURNAL, set out to discover how foreign bankers feel about instalment credit. He talked with several of the bankers who came to Rutgers University this summer to attend the International Banking Summer School.

Folks who regard on-the-cuff buying as strictly American might be somewhat surprised, writes Mr. Silberman. "It seems that instalment credit, like baseball, Coca-Cola, and western movies, respects few national boundaries."

However, he points out, a number of the bankers were either "skeptical or downright hostile toward consumer credit." But instalment buying "is expanding in most Western European nations, Australia, New Zealand, Canada, and some South American lands."

Not so with the Soviet Union. It is possible to borrow to build a home in Russia, the story notes. And "Poland and Hungary are said

to be experimenting with time-payment plans so workers can acquire such things as refrigerators and phonographs."

The Russian attitude, reports Mr. Silberman, is that "if you have only half the money for a television set, get the rest from a neighbor and you can both look at it." You can borrow to build a house in Russia, however, and the interest rate is low—less than you receive on a savings account. Reason: there are more housing loans than there are savings accounts.

Bank Auto Loans Stable

COMPARING the first six months of the two years 1955 and 1956, instalment credit presents a highly unstable pattern, according to BANKING'S Newsletter for mid-August. "This instability, of course, reflects almost wholly the sharp fluctuation in automobile credit," the letter points out. "Not all lenders, however, show an equal degree of instability in their loan policies. Bank lending in general ran sharply counter to the trend and exhibited a high degree of stability over the two years. Banks did not increase their loan outstandings as sharply in 1955, nor did they decrease them as

sharply during the current year. "In the first six months of 1955, banks added \$862-million to their outstandings; in the same period of 1956, they added almost as much—\$749-million."

Borrowers "Over-Obligating"?

ONE of the nation's leading bankers does not agree that the borrower is the best judge of how much debt he can carry conveniently.

Said he recently: "I think the instalment credit people need to be concerned about the fact that maybe

too large a percentage of our people are over-obligating themselves. I see evidence of this and I think there should be a consciousness of the social responsibility in granting instalment credit on the part of more people in the banking business. There are some bad practices developing, as well as too much of a disregard for the individual's welfare."

Gyp Financing Exposed

THE lead article in *American Mercury* for August exposes the ways in which gyp financing works—and how to avoid it. It's "How You Are Robbed by Money Lenders,"

written by Author Berton Braley.

Author Braley says an easy way to stay out of the hands of the loan sharks is to pay cash. If you haven't got the cash, there are the Morris Plan, the credit unions, and the personal loan departments of the banks. And there exist 12,000 banks which operate personal loan departments, the article points out.

As for the small loan companies, most are licensed and legal, but their interest rate is so much higher, usually 12% to 17%. With a job and good character as security, it is noted, the bank loan is just as readily available as one from a small loan company, and at a rate of not more than 6%.

News On Savings

Items and Comment from Our Savings and Mortgage Division and Other Sources

Gain in School Savings

More than 4,350,000 children in approximately 12,000 schools have an aggregate of \$156,600,000 on deposit in school savings bank accounts, according to the Committee on School Savings Banking of the Savings and Mortgage Division of the American Bankers Association. As schools across the country prepare to open for the 1956-57 year, school savings banking has made substantial increases, with advances over a year ago of 2,000 schools, 350,000 school savers, and approximately \$16,600,000 in school savings accounts.

Millicent A. Trichler, chairman of the A.B.A. Committee on School Savings Banks, and assistant secretary of the Dollar Savings Bank, New York City, said that the national school savings banking survey, made by her Committee, shows that the average school savings account is now \$36, compared with \$35 last year. "This figure and the aggregate balance of bank accounts owned by school children would be larger than shown in our survey report if some banks did not automatically transfer school savings accounts to regular accounts when the balances reach a certain amount," she said.

Evidence of increased interest among banks in the promotion of school savings is shown by the fact



Millicent A. Trichler

that 415 banks during the school year just ended distributed 1,500,000 copies of the *School Saver*, a thrift newspaper prepared for local distribution by the A.B.A. Advertising Department in cooperation with the Committee on School Savings Banking. Many banks also distributed the booklet of the Savings and Mortgage Division, "Personal Money Management," particularly among students in high schools. An informative publication, "The School Bank," was sent by the A.B.A. Committee to banks active in school savings banking. Copies of this publication may be obtained by A.B.A. member banks on request.

The Committee has recently completed and has available its newly revised edition of the manual, *School Savings Banking*. The manual covers the many changes in school savings systems that have taken place since the original publication of this manual in 1947. It recognizes the advancements resulting from mechanized accounting and new methods and procedures that are constantly being developed. The manual provides current information as to practical and acceptable ways of handling school savings and answers many questions, which have been directed to the Committee, on installation, operation, and promotion of school savings banking.

The Committee on School Savings Banking would like to have available for its mailing list the names of any banks conducting school savings banking. Committee members will assist and are prepared to provide up-to-date information relative to current methods and procedures for the use of banks studying the desirability of initiating school savings banking.

In addition to Miss Trichler, members of the Committee on School Savings Banking include: William A. Blossom, public relations officer, Springfield (Mass.) Institution for Savings; Samuel P. Cassen, president, Towson (Md.) National Bank; Dorothy T. Condron, assistant secre-

tery, Auburn (N. Y.) Savings Bank; George E. Levine, vice-president, Providence (R. I.) Institution for Savings; Agnes R. Martin, assistant vice-president, Philadelphia Saving Fund Society; Robert McCarter, assistant secretary, Middletown (Conn.) Savings Bank; Lawrence A. Merrigan, vice-president, Progressive Bank and Trust Company, New Orleans, La.; Mazy Condit Rockwood, president, The Neat, Condit & Grout National Bank, Winchester, Ill.; Chester W. Schmidt, vice-president, The Bowery Savings Bank, New York City; Philip L. Speidel, president, First National Bank, Lake Forest, Ill.; Jean M. Turano, assistant to the president, Trenton (N. J.) Saving Fund Society; Earle A. Welch, president, Meredith Village (N. H.) Savings Bank, and president of the Savings and Mortgage Division; Daniel W. Hogan, Jr., president, City National Bank & Trust Company, Oklahoma City, and vice-president of the Division; J. R. Dunkerley, senior deputy manager in charge of the Division; Thomas L. Nims, secretary of the Division; and George H. Gustafson, assistant secretary of the Division.

A.B.A. Savings Survey

THE Savings and Mortgage Division of the American Bankers Association is conducting a Survey among a cross section of 4,500 of the nations banks on savings trends

and interest rates. Return of the savings questionnaire is requested for not later than August 30, 1956, and results will be promptly tabulated on tabulating machines.

Some of the Savings information which will result from the survey are the following: Present interest rates being paid on savings accounts; average size of savings accounts; deposit and withdrawal activity, and ratios to total savings deposits; and rates and terms of time and savings certificates.

S&L Give-Away Curb

EFFECTIVE September 30, 1956, insured savings and loan associations are restricted by regulation of the Home Loan Bank Board from giving away any item costing in excess of \$2.50 in return for the

WATCH FOR THIS!

Around the middle of September you will receive from the American Bankers Association a comprehensive savings program of vital interest to every banker in the United States. In the lower left hand corner of the envelope enclosing this material will appear this red-letter message: "Announcing an Important New Savings Program!" Don't miss this!

This program with illustrations will be featured in our October issue.

opening of a share account, or increasing the amount of any share account. Records are required to be kept for two years evidencing conformance with this regulation.

Ads Reflect Increased Thrift Account Interest

INCREASING interest on the part of commercial banks in savings accounts is emphasized in several interesting newspaper advertisements which have come to the editor's desk.

The Merchants and Mechanics Bank in Flint, Mich., advertises a 2½% interest rate in an ad with a banner head reading: "S.O.S. (Saving on Schedule) . . . Safeguard Your Family's Future With Regular Savings."

Another advertisement uses this effective sales copy and layout. Superimposed against two large eggs are these commanding statements: "Let Your NEST EGG Be a SAVINGS Account at First American" (First American National Bank, Nashville, Tenn.) and "Watch Your SAVINGS GROW With the 2½% INTEREST We ADD." The balloon-type eggs are against a background of straw, nests of eggs, stacks of coins of different denominations, a coin bank, and a savings deposit book. Little signs scattered among the nests of eggs read: "nest eggs . . . for chicken feed!"

The First American National Bank of Nashville features home improvement loans with a strip of baby pictures and a minimum of copy. The first picture shows two babies, forehead to forehead in a baby's bath. It is captioned: "Things are getting a little crowded around here." The second picture shows

(CONTINUED ON PAGE 114)



News for Mortgage Credit Men

Items and Comment from Our Savings and Mortgage Division and Other Sources

Housing Act of 1956

This summary of the principal provisions of the Housing Act of 1956 was prepared by THOMAS L. NIMS, secretary of the Savings and Mortgage Division of the American Bankers Association.

(1) FHA insuring authority is extended for one year to June 30, 1957 and increased by \$3-billion.

(2) FHA Title I, for home repairs and improvement, is extended for three years, from September 30, 1956 to September 30, 1959. Limit on single-family dwellings is increased, from \$2,500 to \$3,500. Limit on multi-family dwellings is increased, from \$10,000 to \$15,000. Maturities may be increased to five years, at the discretion of the Commissioner. Interest may not exceed 5% discount to \$2,500, with 4% discount on higher amounts.

(3) FNMA purchase of loans under the special assistance program must not be less than 99% of the principal amount of the loans. Sellers to FNMA must purchase FNMA stock equal to 2% of the unpaid principal of the loan, but upon determination by FNMA it may be lowered to 1%. Advance commitments to purchase loans is authorized.

(4) Military housing (FHA Title VIII) is extended to June 30, 1958, with increased insurance authorization to \$2.3-billion. Average unit cost is increased from \$13,000 to \$16,500, including cost of built-in equipment. When a new military housing project is to be constructed, the Defense Department is required to acquire adjacent pre-1955 housing.

(5) Maximum loan ratios for rental housing (FHA Section 207) is increased from 80% to 90%. Loan limits are increased to \$2,250 per room; \$2,700 in elevator-type properties. Cost certifications are made incontestible.

(6) For cooperative housing (FHA Section 213), a builder can obtain a commitment up to 85% of the replacement cost, but must sell

to a nonprofit group on completion. Loan limits are increased up to an additional \$1,000 per room, depending on area cost levels.

(7) For urban renewal program (FHA Section 220), builder's profit of 10% may be allowed, but not on land. Loan limits are increased up to an additional \$1,000 per room, depending on area cost levels.

(8) For displaced families in slum clearance projects (FHA Section 221), insurable loan limits are increased by \$1,400 for owner-occupied single-family dwellings. Insurance will be based on appraised value—if at least \$200 in cash has been paid. Maturity is increased from 30 to 40 years.

(9) On existing homes of one year or older (FHA Section 203), the same loan ratios are permitted as for new homes. For disaster housing the loan limit is increased from \$7,000 to \$12,000.

(10) The Veterans Administration direct loan authorization is extended to June 30, 1958.

(11) In housing for elderly people, a third person may make the downpayment for FHA loans for people 60 years of age or over. Loans on rental housing designed for elderly persons may be insured for 90% of the replacement cost if

mortgagor is a nonprofit organization, and entire project is for the elderly. Advisory committee on problems relating to housing elderly people will be established.

(12) Public housing—a total of 35,000 public housing units a year for two years, if community has a workable program. Single persons 65 or over, are eligible to occupy public housing units, with the allowance per room increased to \$2,250.

(13) The authorization for college housing is increased by \$250,000,000.

(14) The farm loan program has authorized \$450,000,000 additional, with \$60,000,000 for grants to June 30, 1961.

Flood Insurance Act

This summary of the principal provisions of the Federal Flood Insurance Act likewise was made by THOMAS L. NIMS.

Congress passed the Federal Flood Insurance Act setting up a Flood Insurance Administration in HHFA. Its principal provisions are:

(1) The individual or business obtaining flood insurance must pay 60% of the premium, while the Gov-

(CONTINUED ON PAGE 151)

FHA Operations Summary

Year Ending June 30, 1956

	No. of Applications Rec'd	No. of Commitments Issued	No. of Mortgages Insured
Home Mortgage Loans:			
Proposed construction	242,872	252,272	124,889
Existing construction	282,444	258,838	170,268
Project Mortgages:			
Proposed construction	12,845	11,454	8,051
Existing construction	591	569	446
Total FHA volume:	Month of June 1956	First Six Months of 1956	Total All Years to June 30, 1956
Number of loans insured	110,954	596,308	23,650,219
Dollar volume of mortgages insured	\$279,775,425	\$1,721,886,667	\$41,549,868,865

Source: Federal Housing Administration

News for Trustmen

Items and Comment from Our Trust Division and Other Sources

Bankers from 11 Western States at Salt Lake City for A.B.A.'s 30th Western Regional Trust Conference

THE 30th Western Regional Trust Conference attracted about 300 trust executives from banks and trust companies in 11 western states to Salt Lake City on August 23-24. The event is sponsored by the Trust Division of the American Bankers Association.

The conference brought together representatives of banks in Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Presented here are a few highlights from some of the addresses which were available in advance of the meeting.

Common Stocks Desirable

RICHARD P. CHAPMAN, president, A.B.A. Trust Division, and president, The Merchants National Bank of Boston.

THE basic reasons which have made common stocks a desirable form of investment [of trust funds] have not changed, even though much higher market prices have made the opportunities they offer substantially less attractive. The benefits of the long-range growth of our economy can be captured by a prudent trustee in no other available investment form that I know of.

I find it difficult to reverse my point of view on stocks, even temporarily. And yet there seem to be ample signs calling for caution, beyond those obvious in the level of

the market itself and in the length of this period of business prosperity and of rising prices. . . . But I am disquieted by the rising general feeling of complacency evident in rising debt on every side, in general anticipation of uninterrupted forward progress on virtually all economic fronts, in a belief that Government and monetary authorities can and will avert any serious depressions.

Selectivity is always necessary, but under prevailing conditions it becomes the paramount consideration if common stocks are still to be bought. Risks are obviously

greater, and this is no longer a market where stocks generally can be termed cheap. The less time and fewer facilities available to trust officers for the persistent and conscientious study of stock values, the lower the proportion of trust funds that should be so committed under prevailing conditions, but since common stocks possess valuable characteristics available in no other form of investment, they should not be passed over.

Common Trust Funds Beneficial

CHARLES F. ZUKOSKI, JR., executive vice-president and trust officer, The First National Bank, Birmingham, Ala.

THE universal experience of trust institutions which have common trust funds, in the diversity and

Trustmen on TV Program at Salt Lake Meeting

A HALF-HOUR television discussion of the workings of trusts and estates was presented over station KSL-TV, Salt Lake City, Utah, on Wednesday, August 22. The program, prepared by the Trust Division of the American Bankers Association, was telecast at 5:30 P.M., Mountain Standard Time, on the evening preceding the opening of the Division's 30th Western Regional Trust Conference.

The telecast was devoted to informally discussing and explaining in simple terms such subjects as how a trust fund operates, the importance of having a properly drawn will, and the various means

of providing family security over the long range. Three leading trustmen made up the panel for the discussion, which took place in an ordinary living-room setting. They are: Richard P. Chapman, president of the A.B.A. Trust Division, and president, Merchants National Bank of Boston; Harry M. Bardt, vice-president and senior trust officer, Bank of America N.T. & S.A., San Francisco; and William J. Fitzpatrick, vice-president and trust officer, Walker Bank & Trust Company, Salt Lake City.

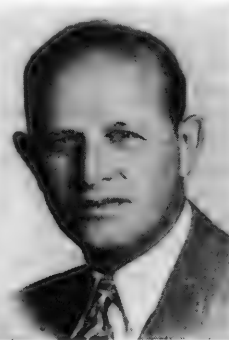
Miss Mique Moffatt, who appears regularly on KSL-TV, acted as moderator.

Mique Moffatt

Richard P. Chapman

H. M. Bardt

W. J. Fitzpatrick





George M. Gadsby



Edwin McInnis



C. F. Zukoski, Jr.



J. D. Hartman

soundness of investment they offer their participating trusts and in the economy and efficiency of operation they afford the fiduciary, has been extremely favorable and provides an example which other institutions may follow with confidence.

Common trust funds are not difficult to administer. They should be set up carefully and after consultation with trustmen who are experienced with them. But once put into effect, they can be handled with no more difficulty than any other large trust. The records are relatively simple, and the benefits to beneficiaries of trusts and to the fiduciary are very substantial.

While the ultimate testing time for common trust funds may have to await the next major cataclysm in the investment markets, there seems every reason to believe that they and their participating trusts will weather such an eventuality as well as, and probably better than, smaller trusts which are separately invested.

Advertising "Essential"

EDWIN MCINNIS, vice-president, Bank of America N.T. & S.A., San Francisco.

PROPERLY directed, advertising can carry to many people at one time our message of just what we do and how they can benefit by using these [trust] services. Advertising can make a prospect out of a suspect, by pointing out how his problems can be solved. Advertising overcomes the self-consciousness of the lack of knowledge of trusts and estates, as well as the normal reluctance to disclose intimate details of wealth and family circumstances. Finally, advertising can bring a customer in to us or ready to meet our outside representatives, fairly well informed — a customer who needs but little attention to funda-

mentals, one who, when we show what can be done for him, is often ready to sign up.

Some such form of advertising, no matter how modest, should, I believe, be a part of the regular pattern for progress of every bank with trust powers.

Difficult as it may be to calculate precisely the results per dollar spent, we do know that for our budget expended in advertising we want attention, interested inquiries, potential estates, and business on our books.

A final word—don't depend on advertising alone. Always men trained in effective methods of personal solicitation will be indispensable in all our efforts to make trust business grow.

Atoms in Trust Investment

GEORGE M. GADSBY, chairman of the board, Utah Power & Light Company, Salt Lake City.

ULTIMATELY, nuclear power is a must and will be fitted into plans of companies which even now offer sound investment possibilities. The accomplishment of this end, in my opinion, will be expedited by further relinquishing of governmental controls consistent with security problems; an improved politico-economic atmosphere which will provide greater incentive to industry; a sharp increase in private research and development expendi-

tures for commercial nuclear power; more extensive education and training of our young people so as greatly to increase the pool of scientists and trained personnel necessary for both the development and later operation of nuclear reactors and plants; a constructive program of tax relief for research expenditures and the improvement of potential incentive rewards by conforming patent regulation in the atomic field to those established for other industrial objectives.

The history of the electric utility companies discloses a progressive outlook and operation recording a continuous record of improved reliability, expanded uses, and lowered costs. . . . On this record, the utilities have advanced their claim to participation in nuclear reactor practice, and to that end have either committed or agreed to spend some \$300-million.

Problem: Personnel

JOHN D. HARTMAN, vice-president and trust officer, Poudre Valley National Bank, Fort Collins, Colo.

THE most important single problem in most smaller trust departments is that of personnel.

One thing that helps the small trust department to get desirable help is that some men, believe it or not, would rather live in a small town than in the large city where the larger trust departments naturally exist. It is still hard, however, to get a man who has all the desired qualifications.

The matter of advertising and solicitation of new business has always been another of our big problems. I have often heard trust officers of one-man trust departments say that their principal problem was not the administration of the

(CONTINUED ON PAGE 151)

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LET us gratefully accept this era for what it is—a period in our economic life of sustained, but not necessarily unending, prosperity.”

—Richard P. Chapman  
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CALENDAR—1956

American Bankers Association

Oct.	21-24	82nd Annual Convention, Los Angeles
Nov.	15-16	25th Mid - Continent Trust Conference, Drake Hotel, Chicago
Dec.	10-11	Agricultural Credit Conf., Statler Hotel, St. Louis, Mo.

1957

Mar.	11-13	Annual Savings, and Mortgage Conference; National School Savings Forum, Hotel Roosevelt, New York City
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State Associations

Sept.	9-14	Tennessee Bankers Conf. Univ. of Tenn., Knoxville
Sept.	10-13	Vermont-N. H. School of Banking, Univ. of Vt., Burlington
Sept.	20-22	Savings Banks Association of Maine, Wentworth - by - the - Sea, Portsmouth, N. H.
Sept.	20-22	Savings Banks Association of Massachusetts, Mount Washington Hotel, Bretton Woods, N. H.
Sept.	21-22	Savings Banks Association of New Hampshire, Fall Meeting, Sunset Hill House, Sugar Hill, N. H.
Oct.	5- 6	Connecticut Mutual Savings, Wentworth-by-the-Sea, Portsmouth, N. H.
Oct.	11-12	Nebraska, Fontenelle Hotel, Omaha
Oct.	12-13	New Hampshire, Fall Meeting, Mountain View House, Whitefield.
Oct.	28-31	Iowa, Fort Des Moines, Des Moines
Nov.	6- 8	Savings Banks Association of New York, The Greenbrier Hotel, White Sulphur Springs, W. Va.
Nov.	8-10	Arizona, Arizona Biltmore Hotel, Phoenix
Nov.	11-13	Kentucky, Phoenix Hotel, Lexington
1957		
Mar.	28-30	Florida, Hollywood Beach Hotel, Hollywood
Apr.	23-25	Ohio, Sheraton Gibson Hotel, Cincinnati
May	4-10	Georgia, Cruise to Bermuda, S. S. Queen of Bermuda, via New York
May	5- 7	Louisiana, Buena Vista Hotel, Biloxi, Miss.
May	7- 8	Tennessee, Hermitage Hotel, Nashville
May	8-11	Pennsylvania, Chalfonte-Haddon Hall, Atlantic City
May	9	Delaware, DuPont Hotel, Wilmington
May	9-10	Oklahoma, Mayo Hotel, Tulsa
May	10-11	North Carolina, The Carolina Hotel, Pinehurst
May	10-11	North Dakota, Ray Hotel, Dickinson
May	12-14	Missouri, Muehlebach Hotel, Kansas City
May	12-14	Texas, Galvez Hotel, Galveston
May	15-16	Indiana, French Lick Springs Hotel, French Lick
May	16-18	Kansas, Wichita
May	16-18	South Carolina, Francis Marion Hotel, Charleston
May	19-21	California, Ambassador Hotel, Los Angeles
May	20-22	Arkansas, Arlington Hotel, Hot Springs

May	20-22	Illinois Sheraton-Jefferson Hotel, St. Louis
May	20-22	Mississippi, Buena Vista Hotel, Biloxi
May	22-25	New Jersey, Chalfonte-Haddon Hall, Atlantic City
May	23-24	Alabama, Mobile
May	24-25	New Mexico, LaFonda Hotel, Santa Fe
May	25	Maryland, Cruise to Nassau and Havana, S.S. Queen of Bermuda.
June	1	
June	7- 8	Connecticut, Equinox House, Manchester, Vt.
June	7- 8	South Dakota, Alex Johnson Hotel, Rapid City
June	9-12	Idaho, The Lodge, Sun Valley
June	12-16	Dist. of Col., The Greenbrier, White Sulphur Springs, Va.
June	13-15	Montana, Canyon Hotel, Yellowstone National Park
June	13-15	Virginia, The Homestead, Hot Springs
June	14-15	*New Hampshire, Wentworth-by-the-Sea, Portsmouth
June	14-15	*New Hampshire Mutual Savings, Wentworth-by-the-Sea, Portsmouth
June	14-15	Vermont, Equinox House, Manchester
June	16-18	Washington, Chinook Hotel, Yakima
June	17-19	Wisconsin, Schroeder Hotel, Milwaukee
June	19-21	New York, Lake Placid Club, Lake Placid
June	20-22	Michigan, Sheraton-Cadillac Hotel, Detroit
June	21-22	New Jersey Mutual Savings, Monmouth Hotel, Spring Lake
June	21-23	Maine, Poland Spring House, Poland
June	23-25	Oregon, Multnomah Hotel, Portland
Oct.	11-12	New Hampshire, (Fall Meeting) Mountain View House, Whitefield
Oct.	13-15	Connecticut Mutual Savings, Mountain View House, Whitefield, N. H.
Oct.	20-23	Iowa, Fort Des Moines Hotel, Des Moines
Nov.	13-14	New York Mutual Savings, Fontainebleau Hotel, Miami Beach

*Joint meeting

Other Organizations

Sept.	17-20	National Association of Bank Auditors and Comptrollers, The Shoreham Hotel, Washington, D. C.
Sept.	17-21	National Association of Bank Women, 34th Annual Convention, Hotel Radisson, Minneapolis
Sept.	20-22	Golden Anniversary Convention, New York State Safe Deposit Assn., Waldorf-Astoria, N. Y. C.
Sept.	27-29	Western Secretaries Conf., Benjamin Franklin Hotel, Seattle, Wash.
Oct.	7-11	Financial Public Relations Association, Dallas, Texas
Oct.	14-17	Robert Morris Associates, Annual Fall Conference, Fairmont Hotel, San Francisco
Nov.	25-30	Investment Bankers Assn. of America, Hollywood, Florida
Dec.	2- 4	Southern Secretaries Conf., Cloister Hotel, Sea Island, Ga.
1957		
Oct.	6- 9	Robert Morris Associates, Shoreham Hotel, Washington, D. C.

All associations are invited to send in dates of their forthcoming meetings for this calendar.

Washington

(CONTINUED FROM PAGE 38)

and insure mortgage loans to part-time farmers. These loans under the law, however, may not be made initially to a person to acquire a part-time farm, and the client must be engaged "substantially" in the farm business even if he makes part of his income off the farm.

It was the purpose of Ezra T. Benson, the Secretary of Agriculture, in asking for loans to part-time farmers, to utilize such loans as part of the Eisenhower Admin-

istration's "Rural Redevelopment Program." The latter is a broad endeavor to boost the income of part-time farmers through various state and Federal welfare activities.

Early in the present Administration Farmers Home got power to make "special emergency" loans. These are not for the purpose of helping farmers tide themselves over physical disasters like droughts or floods. They are used for "economic emergencies," like a sharp drop in pig or cattle prices which temporarily deprives the farmer or cattleman of his desirability as a normal, commercial credit risk. The

power to make these "special emergency" loans was extended two more years and the available authorizations were increased from \$15,000,000 to \$65,000,000.

Scope Increasing

These new powers suggest that Farmers Home is evolving into something more potent in the farm lending picture than being, as it publicly takes pride in being, the champion of the "family-sized" farm. Either a possible \$20,000 maximum of credit to any individual family for operating or production purposes takes the agency beyond its concept, or Farmers Home Administration clients have exceptionally large families.

With respect to the supposedly 2-year addition to the special or economic emergency loans and the 3-year power to refinance private indebtedness, history offers support of the idea that a new lending authority, no matter how "temporary" it might initially be, is rarely in fact temporary but acquires a long legal life.

Eisenhower Backing

Ezra T. Benson, the Secretary of Agriculture, in a public statement made it clear that this Farmers Home credit loosening program is favored by President Eisenhower.

"The expanded credit system was recommended to Congress as a part of President Eisenhower's farm program," said Mr. Benson. "In his farm message to Congress last January, the President spoke of steps being taken to assure adequate and sympathetic coverage of agricultural credit requirements which cannot be met by private financial institutions," the department itself added.

(Note: Few supervised private lending agencies can make 90%, 40-year farm mortgage loans at 4½% interest.)

Liberalizes Housing

Congress finally passed a broad bill liberalizing in not less than a dozen important respects the terms under which Government-insured and guaranteed mortgage credit may be issued.

This for the last several years has become an annual practice in Congress. Each year the terms are made longer, the loan limits higher, (CONTINUED ON PAGE 110)



PROBLEMS
In Washington?

When you have a problem in the Nation's Capital that requires prompt action, call on American Security. We will be happy to serve you.

American Security
& TRUST COMPANY

Daniel W. Bell, President
Washington, D. C.

Member Federal Deposit Insurance Corporation—Member Federal Reserve System



SOF'TONE
ACOUSTICAL CABINETS
FOR ALL NOISY OFFICE MACHINES

KILLS MACHINE NOISE AT ITS SOURCE!

A NEW SERVICE FOR BANKERS

Watch this space . . . it will present a new idea each month—helping you to improve your bookkeeping department and enjoy better efficiency—and provide more comfortable working conditions.

Drop us a note today. Let us tell you what SOF'TONE Acoustinets can do to help you—no obligation, of course.

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Results guaranteed—Or You Do Not Pay!

Write for details. Give machines, makes, models you use and measurements.

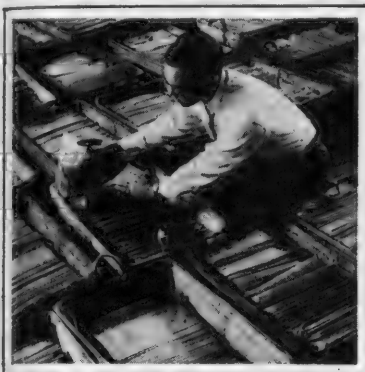


Gates
CO.

ACOUSTINET
501 AMERICAN STANDARD BUILDING
BUFFALO 7, NEW YORK



POSTING 130,870,948 new shares involved making a million and a half entries in 5 weeks. Guaranty's large staff of experienced personnel handled a tremendous number of clerical details and is available to other companies seeking stock transfer service.



21 TONS of mail were sent to Jersey Standard's 326,000 stockholders. While this operation was in progress, Guaranty was also handling transfer and registrar work for about 1,000 other classes of stock.



MODERN EQUIPMENT was used by Guaranty to help speed up operation. Here, one of Guaranty's staff technicians feeds instructions to the bank's electronic calculator.

PROFESSIONAL GUIDANCE

at every step of the way was provided by Guaranty. L. to r.: William J. Neil, Howard M. Ashley, Matthew J. Whalen, Harry W. Knudsen, and John D. Rippe.

These men are part of the team of 504 officers and employees available to every company, large or small, seeking transfer or registrar services.

Guaranty Trust Handles Record Stock Split

Three-for-one stock split of Standard Oil Company (New Jersey) involved 20 million separate operations. Guaranty Trust's experienced personnel and equipment put through record stock split quickly, efficiently.

Recently Standard Oil Company (N.J.) voted a 3-for-1 common stock split. The job, largest of its kind ever undertaken by any bank transfer agent, was handled by Guaranty Trust Company of New York.

Handling any stock split, large or small—in this case the issuance of 1,500,000 new certificates—requires a unique combination of experience, adequate numbers of personnel, modern equipment, and professional know-how. This combination was available to Jersey Standard, as it is available to the hundreds of companies of all sizes for which Guaranty acts as transfer agent or registrar.

EXPERIENCED AND ADEQUATE PERSONNEL. Posting 130,870,948 new shares (involving 1,500,000 certificates) to stockholders' records . . . preparing voting lists . . . these were some of the tasks which Guaranty personnel performed for Jersey Standard. Hundreds of clerical workers were involved in round-the-clock operations at various times.

MODERN EQUIPMENT AND PLANT FACILITIES. In processing the heavy volume of work handled by the staff, ingenious automation methods, plus modern electronic and mechanical

equipment were used by Guaranty Trust to implement the handling of the 20 million separate operations: 4,280,000 stencil impressions—3,000,000 signatures—the mailing to stockholders of 21 tons of mail.

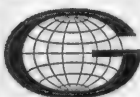
PROFESSIONAL ADVICE. From its preliminary stages to completion of the split, this operation called for careful planning. A myriad of questions and problems had to be solved. Guaranty Trust officers, with wide experience in every phase of transfer and registrar work, furnished the specialized professional guidance needed to do the job.

While Jersey Standard's "operation split" was in process, the bank was also paying two of that company's regular quarterly dividends. In addition, Guaranty was performing dividend, transfer, and registrar services for other companies which involved about 1,000 different classes of stock. The number of holders of these classes of stock ranged in size from 120 shareholders to 326,000 shareholders.

HELP ON YOUR TRANSFER PROBLEMS. Whatever the size of your company, Guaranty personnel, equipment, and professional guidance are available to perform stock transfer or registrar services for you. If you would like to learn more about the advantages of New York transfer facilities written from the *corporation viewpoint*, write on your business letterhead for a complimentary copy of "Your Company, Its Stockholders, and the New York Capital Market," attention Corporate Trust Stock Transfer Dept. BA-2.



GUARANTY TRUST COMPANY



OF NEW YORK • 140 BROADWAY, NEW YORK 15
Capital Funds in excess of \$400,000,000

Fifth Ave. at 44th St., New York 36 • Madison Ave. at 60th St., New York 21
40 Rockefeller Plaza, New York 20 • London • Paris • Brussels



(CONTINUED FROM PAGE 108)

the objects of mortgage insurance broader in scope.

As was reported in the August issue of **BANKING**, the conservative majority of the House Rules committee was for a time hoping to throttle the practice this year. The committee failed.

First, the Administration in February proposed a rather broad liberalizing program of legislation of its own. Then the Senate passed a more liberal bill. Finally, another broad

liberalization was reported by the House Banking Committee. It was the latter which the conservative majority of the Rules Committee for a time refused to clear for floor consideration in the House.

If the Rules Committee had been able to stand pat against granting any bill committee clearance, there might have been passed, instead of the broad, liberalizing bill which did become law, a mere extension of such expiring FHA powers as those for insuring military housing and home improvement loans.

However, at the critical point of tension near the end of the session, the Administration offered a second bill. While this was more conservative in two or three respects (abandoning the idea of permanent home improvement and military titles of FHA) than the first Administration bill, the second bill nevertheless made a number of concessions to the housing "liberals."

As a consequence, the conservative Republicans on the Rules Committee cleared the latter bill for floor action, and in conference with the Senate, there came out the usual, broad liberalizing legislation. The Administration followers on the Rules Committee felt they could not oppose their President in the year of a Presidential election. (See p. 104 for Housing Act digest.)

Loan Insurance Idea Spreads

During the past session of Congress, the use of the device of the Government loan guarantee spread, not only with respect to housing and farm mortgages, but toward what might seem unexpected quarters.

One of the latter was in respect to loans for building merchant ships.

Under the law the Federal Government pays part of the cost of building as well as part of the cost of operating a U. S. flag vessel, in many cases, to enable them to compete with foreign shipping lines.

In 1938 or thereabouts, Congress voted a system of "insurance" of ship construction loans which officials said, however, did not work. It was liberalized under the Eisenhower Administration in 1953 and again in the last session.

As it now works out, a person
(CONTINUED ON PAGE 112)

YOU CAN BANK ON

CheckMaster

to help you win and hold
checking account customers

Both CheckMaster (free book plan) and Chexcel (sell the book plan) now have the best looking check sets in the field . . . and still cost less. Judge for yourself. Write for sample check set.



We help you
FIND
customers

with newspaper ad mats, car cards
and radio spot announcements.



We help you
SELL them

with counter and lobby
posters, folders and
illuminated displays.



We help you
SERVE them

We furnish all deposit slips,
signature cards, ledgers, statements.

✓ No initial outlay for operating
forms or merchandising aids.
Bank pays only for personalized
checkbooks ordered for accounts
actually served.

✓ Personalized plans that feature
top quality imprinting.

More profitable for Banks

More popular with Customers



400 MADISON AVENUE, NEW YORK 17, N.Y.

NAPERVILLE, ILLINOIS

Booths 27 and 28, A.B.A. Convention, Los Angeles, Calif., Oct. 21-24



"This is for the boss. I just got a promotion!"



Bank of Terrebonne & Trust
Company, Houma, Louisiana.
Architect: H. T. Underwood, New
Orleans, Louisiana.

There's "magic" in the Pittcomatic automatic door opener!

Bankers all over the country have proved to their profit what modernizing their entrances with a Pittcomatic installation can accomplish in improved customer relations, as well as in the attraction of new business. For such modernizing gives their establishments a modern, progressive appearance. It creates a more inviting and friendly atmosphere.

Available for both handle and mat operation, the Pittcomatic automatic door opener is a self-contained, compact unit. Installation is simple. No extensive structural changes are required. And it can be installed with Herculite®, Tubelite® or similar doors. Operating on regular 110-volt current, the one-third horsepower motor is as inexpensive to run

as the conventional home refrigerator. Its operation is truly magic-like... *doors open at a touch!*

Why not consider this business-boosting automatic door opener for your building? Complete information will be sent to you upon receipt of the coupon below. You are under no obligation.

PITTCOMATIC®

...the nation's finest automatic door opener



PAINYS • GLASS • CHEMICALS • BRUSHES • PLASTICS • FIBER GLASS

PITTSBURGH PLATE GLASS COMPANY

IN CANADA: CANADIAN PITTSBURGH INDUSTRIES LIMITED

Pittsburgh Plate Glass Company
Room 6346, 632 Fort Duquesne Blvd.
Pittsburgh 22, Pa.

Without obligation on my part, please
send me complete information on the
Pittcomatic automatic door opener.

Name

Address

City State

DELIVERS EXACT CHANGE INSTANTLY

Completely automatic. Makes change instantly in any amount by pressing only one or two keys. Quick, easy to use—speeds up customer service. Handsome grey hammertone finish compliments any decor. Bright aqua, white and red keys. Sturdy aluminum case with rust-proof steel parts. Tilt cup or roll-out either side. 11½"x12"x9" Capacity \$100. \$245 plus tax.



MP Coinmaster
19 KEY AUTOMATIC COIN CHANGER

Manufacturers of
famous MP-Jr.

**METAL PRODUCTS
ENGINEERING CO.**

4000 LONG BEACH AVE.
LOS ANGELES 58, CALIF.



HERITAGE

AMERICA'S
FINEST
PROMOTIONAL
PEN

For Winning New Customers
For Advertising Gifts
For Selling Goods
For Premiums
Incentives

ONLY
24¢
AND LESS!

Including YOUR Name and
YOUR Ad in 100 Quantities
or more! DOLLAR Quality
at a fractional price!

Regular Size or "Slim"
Goldtone or Chrome
Lavish Barrel Colors

Your Copy Under
BAKED LACQUER
for Permanence

Write TODAY on
your company
letterhead for a
FREE SAMPLE!

"Sales Tools to
Build Your
Business!"



H **HERITAGE MFG. CORP.**
Industrial Department
FORT WORTH 12, TEXAS



**135 PLANES
78 TRAINS**

speed our night transit service

Cleveland's excellent transportation facilities, plus National City's speedy Night Transit Service save a day or more in check presentation. Float is reduced, availability increased, return items are expedited.

If you're not already a National City Bank correspondent, write for full particulars.

**NATIONAL CITY
BANK of Cleveland**

623 Euclid Avenue • Cleveland 1, Ohio

Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 110)

or corporation buying a new ship gets a part of it paid for, in many cases, as a direct Treasury subsidy. If the ship cost \$1,000,000, the Government might contribute one-fourth, or \$250,000 of the cost.

Of the balance of the cost, \$750,000, the ship buyer must put down in cash variously 12½% to 25% of the cost of the ship, depending upon the type of vessel. Of the balance of the loan due, 100% will be financed under the 1938 ship construction loan insurance program as amended near the end of the session.

Previously only 90% of the buyer's loan balance was insurable, and the procedure did not apply to all types of ships. The Treasury itself, through the Maritime Administration, advanced the construction money. The new scheme, like 100% FHA military housing and purchase of public buildings under the Lease-Purchase Act, will take ship construction loans outside the budget, if it works successfully.

Flood Insurance Adopted

Congress, at the request of the Administration, has committed the Government to a vast new potential liability for flood insurance.

This is a 3-part program. Under one part there is created a "disaster loan fund" of \$2-billion, which can be increased by an additional \$500,000,000 on order of the President.

Under this phase of the program the Commissioner of Flood Insurance of the Housing and Home Finance Agency can write contracts with individuals for a fee which will give these individuals the right to a long-term loan for use in repairing or restoring property destroyed by floods. The Government also will guarantee private agencies against losses if they will make loans for repairing flood-damaged homes and businesses.

Loans will cost, after disbursement, not more than 4% on the unpaid balance and are limited to \$250,000 per business or person, or \$10,000 per dwelling. The first \$500 of a flood loss is not included in the amount which the Government will contract to loan.

Second, the Government will undertake directly to insure flood losses above the first \$100 plus 5%

of the balance of the damage. Limits again are \$250,000 per insured loan per business or individual, or \$10,000 on a dwelling, including its personal property. Initially the face amount of flood insurance policies which may be written will be \$3-billion, but the President may order this amount raised an additional \$2-billion.

Government initially would charge "not less than" 60% of the officially estimated true cost of insuring the risk, but after June 30, 1959, each state would have to share half the subsidized part of the premium cost, or the direct insurance plan would not be operated in that state.

Finally, the Government under the new law would set up a system for re-insuring private insurance against flood damage.

Congress has spelled few of the terms and details of these loan and insurance plans, generally leaving it up to the Housing and Home Finance administrator to work the whole scheme out.

Lease-Purchase Moved Forward

After spending nearly two years on the basic groundwork to get the new system going, The Federal Government is now set to use the 1954 Lease-Purchase Act in considerable volume.

This is the system whereby Federal post offices, office buildings, health centers, etc., are to be acquired on what in fact works out

to be the instalment buying plan. It used to be that, when a Federal building was built, it was paid for in cash out of appropriations.

Under the new system the Government, instead of paying cash, enters into contract with a person or persons, corporate or real, to build a post office or office building for exclusive Federal occupancy and use. Thus private enterprise instead of the U. S. Treasury provides the money for the Federal building.

Then the Government enters into a 25-year "lease." The annual payments are explicitly adjusted to equal payment of principal in 25 instalments, plus interest and local real estate taxes. At the end of 25 years the building is deeded to the Government.

In other words, the method of the lease becomes substantively an instalment or amortized loan. In this manner a Federal building may be purchased with only 4% down.

As a matter of fact, bids for financing call for a bid on a rate of interest. The first such project, finally contracted for a couple of months ago, called for an interest rate of 4% for the 25-year "lease."

Both the Senate and House Public Works committees must expressly approve each Lease-Purchase project before it is authorized. So must the Bureau of the Budget. By the end of the session of Congress, the latter's two committees had approved 99 projects for an aggregate of \$683,000,000.



"All I know is he's on vacation, and there's no rule against spending it here!"

ThriftiCheck

- Is America's Most Popular Personal Checking Account Plan

ThriftiCheck

- is available to *only one bank* in an area

ThriftiCheck

- furnishes complete operating supplies, imprinting equipment and advertising materials

ThriftiCheck

- requires *no investment* by the bank

ThriftiCheck

- has 17 years' experience with on-the-premises imprinting equipment

ThriftiCheck

- imprinters can be easily adapted to check automation procedures

ThriftiCheck

- is nationally advertised in *Saturday Evening Post* to help client banks attract new accounts

May we tell you how hundreds of banks from coast-to-coast have profited with THRIFTICHECK?

ThriftiCheck

SERVICE CORPORATION

100 Park Ave., New York 17, N. Y.



The best Posting Trays and
Stands have always come
from LeFebure...and always will!



LeFebure MAGIC KEY TRAY-BINDER ON THE NEW HI-LO STAND LOW FOR POSTING--HIGH FOR REFERENCE

Ask for
Demonstration ...

Representatives
in Most
Principal Cities

Built sturdily to last longer. Ease of operation improves employee morale. From the world's largest manufacturer of posting trays and stands.

LeFebure

CORPORATION
CEDAR RAPIDS, IOWA

News on Savings

(CONTINUED FROM PAGE 103)

the same babies lying on their "tummies" on a bed. It is captioned: "What we needed was a little privacy . . ." The third picture shows just one child playing with building blocks. It carries this caption: "... So I decided to add another room." In the fourth picture the baby is in a gleeful mood. The caption to this picture reads: "It was easier with a First American Home Improvement Loan." Following the bank's signature, which is in balance against a Ben Day background with the four photographs, is this postscript: "P. S. get complete details at any one of our 15 convenient offices."

A 14 1/4" x 16" advertisement, appearing in the *Milwaukee Sentinel*, asks this question in a banner head: "Are You Earning 2% per annum on Every Dollar in Your Savings Account?" Its answer: "You Do . . . at Marshall & Illsley Bank." The M&I ad also features 6-month 2% savings certificates.

The Stockton (Calif.) Morris Plan Company features "3% interest on thrift accounts" and "4% interest on term thrift certificates when held to 3-year maturity" in a series of newspaper advertisements illustrated with interesting cartoon-type drawings.

Special Uses Thrift Club

"WHAT will you want a year from now . . . or sooner?"

That's the provocative question raised in Camden (N.J.) Trust Company's attention-getting advertisements announcing a new type of savings club.

Known as the "Special Purpose Savings Club," it was introduced recently in all 10 of the bank's South Jersey offices.

A welcome and unusual feature of the club is its flexibility. There is no established opening or terminating date. Members may join any time they wish—in contrast to some other types of savings formats—and save \$1, \$2, \$3, \$5, or \$10 each week for 50 weeks. An optional privilege allows members to save for a shorter period of time if they prefer.

An intensive advertising campaign coincided with the program's announcement.

A hand in both hemispheres



Bart Husted is an officer in the Foreign Department of The Philadelphia National Bank. (Which is, incidentally, the busiest and best equipped Foreign Department in Philadelphia.)

Machinery for Germany, pharmaceuticals for Colombia, coffee from Latin America, wool and jute from Pakistan—whatever the cargo, whatever the transaction, Bart Husted helps to steer it, soundly and smoothly, through the complicated channels of credit arrangements, financing and payments. So do his fellow Foreign Department officers at PNB.

At their fingertips is a wealth of information . . . trade information, credit information, market information . . . constantly directed to them through the PNB network of correspondents in every trad-

ing area of the world. But by far the greatest reason for their effectiveness lies in their own years of hardheaded experience in every aspect of foreign trade.

Banks without foreign departments or with limited foreign trade facilities of their own find this an important "plus value" of PNB correspondent service. Wouldn't yours?

THE PHILADELPHIA NATIONAL BANK

Organized 1803 • PHILADELPHIA 1, PA.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Max W. Hofmeister, Pres.
Mobile-Home Agency
Insurance Consultant To
Mobilehome Finance Institutions

A Sound Insurance Program is the Backbone of Mobilehome Financing

MOBILE-HOME AGENCY offers Specialized Insurance Coverages to mobilehome financing institutions.

Representing major stock Specialty companies, we provide the flexibility and special experience to assure a sound insurance program for clients who are discounting mobilehome paper.

Complete coverages with nation-wide protection and claim service provide the assurance of protection of your portfolio.

Your inquiry concerning Mobilehome Financing-Insurance will receive our prompt attention.

FIRE . . . THEFT . . . and
Combined Additional
Coverages
Collision, including Trip
Collision
SKIP Coverages and Single
Interest Collision
Group and Individual Credit-
Life, Accident and Health



INSURANCE

A GUARANTEE AGAINST LOSS

Insuring Mobilehomes From Coast to Coast is our only business

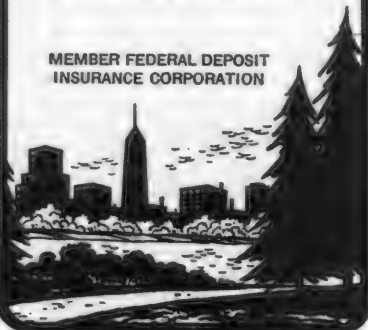
MOBILE-HOME AGENCY, INC. Keeler Building, GRAND RAPIDS, MICH.

IN THE CITY OF LAKES

FIRST NATIONAL BANK OF MINNEAPOLIS

The Bankers' Bank
of the Upper Midwest . . .
for nearly a Century

MEMBER FEDERAL DEPOSIT
INSURANCE CORPORATION



DO YOU NEED—

imitation leather or plastic
commercial passbooks and
pocket check cases

Samples and Prices on Request

WILLIAM EXLINE INC.

1270 Ontario Street • Cleveland 13, Ohio

**Monroe
FOLDING
TABLES
and CHAIRS**

For
BANK
and
OFFICE



Write for catalog, factory
prices and discounts cover-
ing 16 sizes of Monroe Fold-
ing Tables as well as a com-
plete line of Steel Folding
Chairs, for use in banks and
offices.

THE MONROE COMPANY
169 Church St. Colfax, Iowa

Bank-Community Is FPRA Theme at Dallas

INTegration of the bank with the community is the general theme of the diversified program planned for the 41st convention of the Financial Public Relations Association in Dallas Oct. 7-11. Approximately 1,000 bankers and their wives are expected.

The program balances a practical approach to bank public relations, advertising, and business development with a presentation of the dynamic social forces of the bank's environment. The practical approach will be found in the workings of the 17 departmental sessions and the 33 clinic sessions. The latter are designed for active audience participation and emphasize proved public relations techniques.

The larger aspects of a bank's growth will be dealt with in general sessions and in a four-hour School of Sociology, which will begin each day's activities. At the school meetings Dr. Peter P. Klassen, associate professor and senior sociologist of the Chicago Undergraduate Division of the University of Illinois, will show how an understanding of the patterns of community living is basic to a sound bank public relations program, and how a banker can advantageously join in the interplay of social forces. Dr. Klassen teaches at FPRA's School of Financial Public Relations.

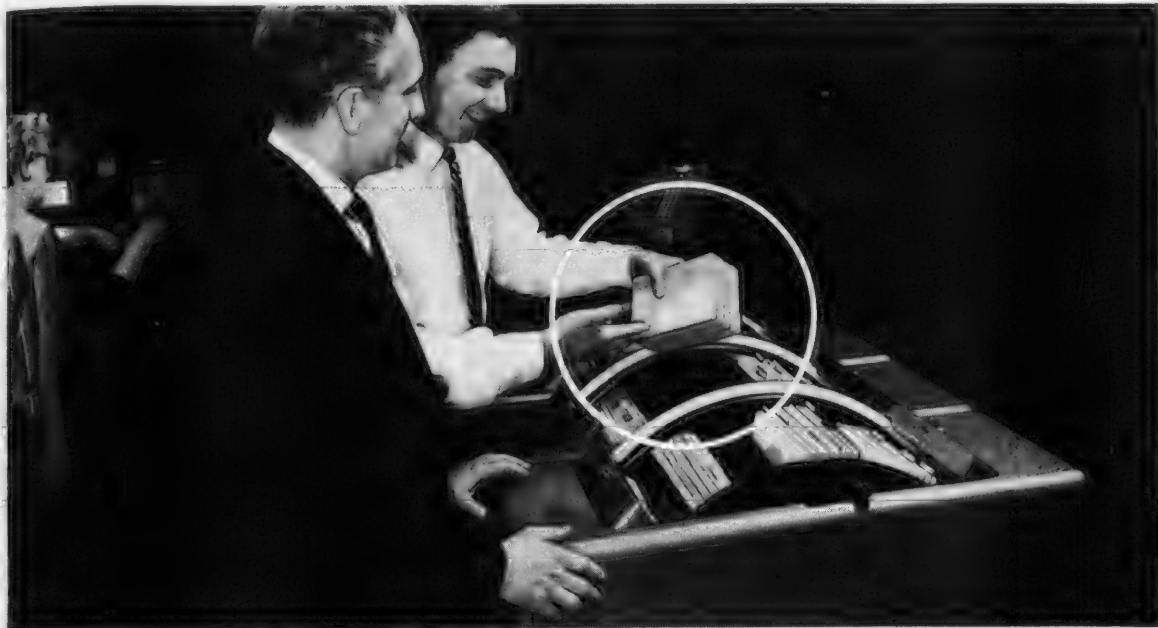
The convention opens October 8
(CONTINUED ON PAGE 118)

Peter P. Klassen



THIS SIMPLE DEMONSTRATION SHOWS YOU . . .

How Mosler Revo-File makes money-saving rotary card filing practical for banks



1. No punching of signature cards or personal credit records is required when you change from slow-poke, money-wasting drawer files to *Revo-File*. Just pick up your present cards by handfuls, drop 'em into a *Revo-File* and

go to work. *Revo-File* is the *only* single-drum rotary card file of its type that lets you do this. *No wonder 9 out of 10 leading banks (by deposits) are using Revo-Files* to gain the proved money-saving advantages of rotary card filing.



2. No chance of losing cards! *Revo-File* has an exclusive, patented method of holding cards in drum without relying on holes punched in cards or other methods of attachment, which often cause wear, mutilation, and eventual "fall out" of cards from drum into base of file. (No trapdoor needed in *Revo-File*.)



3. Since cards are not attached, one or hundreds can be removed and re-filed instantly. Easy to place *Revo-File* in most comfortable working position. Cards come to clerk, not vice versa. All standard and most off-size cards accommodated. Manual and automatic electric selector models. Special Hi-Boy model for clerks who work in standing position.



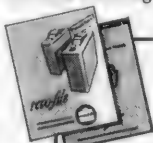
For big-volume card-filing! The new Mosler Roto-File can accommodate more than 80,000 cards. Has all the exclusive features of *Revo-File* . . . on a bigger scale. Electrically controlled drums rotate independently—*several* clerks can work at same time.

If you have 3,000 or more active cards which are used continuously for reference and posting, mail coupon, today!

revo-file

Another fine product of

Mosler Safe Established Since 1866



Revo-File, Roto-File Div. • The Mosler Safe Company, Dept. B-46, 320 Fifth Ave., New York 1, N. Y. Please send me complete information about (check items you wish):

☐ Mosler *Revo-File*, world's finest rotary card file. ☐ Mosler Automatic Electric Selector *Revo-File*. ☐ New Mosler Roto-File for volume card-filing applications.

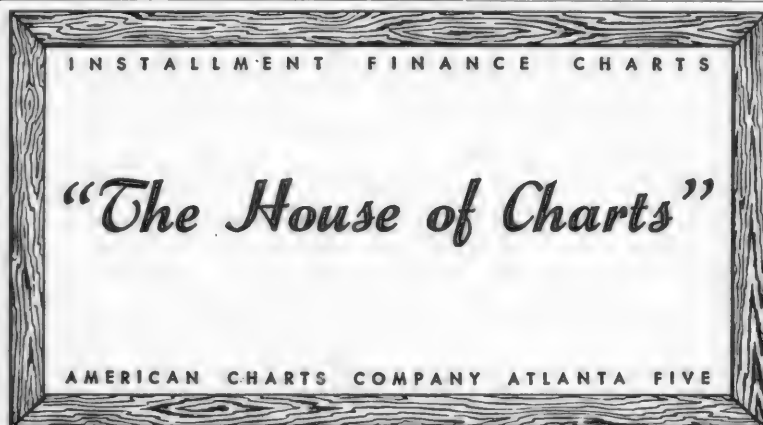
NAME _____ POSITION _____
 RANK _____
 ADDRESS _____
 CITY _____ ZONE _____ STATE _____



*When fast action is
important, rely on the
complete correspondent
facilities of...*



THE FIFTH THIRD UNION TRUST CO. • CINCINNATI, OHIO • MA 1-5400
Member FEDERAL RESERVE SYSTEM • FEDERAL DEPOSIT INSURANCE CORP.



(CONTINUED FROM PAGE 116)

with the report of FPRA President W. W. Delamater, vice-president of the Traders Bank & Trust Company, Philadelphia, Pa. He is followed by Robert L. Thornton, Sr., chairman of the board of the Mercantile National Bank, Dallas, and mayor of Dallas, who will tell "Why I'm Glad I'm a Banker."

"The Human Side of Selling" is the theme of a luncheon meeting on October 9. The speaker will be John M. Fox, president of Minute Maid Corporation, and president of the Sales Executives Club of New York.

The convention concludes with a banquet on October 11. J. Roger Deas of the American Can Company, New York City, will speak on "Management's Broadened Responsibility."

Women on Trust Panel

The five departmental conferences are Commercial Development, Installment Credit, Savings and Mortgages, Staff Relations, and Trust Development. At one of the trust conferences the subject is "The Importance of Women," featuring as a panel member Mrs. Ivy Baker Priest, Treasurer of the United States. Appearing also are Mrs. W. W. Delamater, wife of FPRA's president, and Mrs. D. W. Hogan, Jr., wife of the president of the City National Bank & Trust Company, Oklahoma City. Three bankers will share the platform with them.

Entertainment includes a buffet dinner, a show, a visit to Texas' State Fair, and a rodeo and barbecue at Fort Worth.

William E. Singletary, FPRA first vice-president and vice-president of the Wachovia Bank & Trust Company, Winston-Salem, N. C., is general chairman of the convention. D. W. Hogan, Jr., is general program chairman.

Robert L. Thornton, Sr.





A customer's most valuable man can wreck the business...if he dies

IF A GOOD commercial customer of your bank isn't prepared, the death of a key man in the firm can seriously damage the business, or even end it. The more outstanding the key man is, the more the business can suffer from his loss. Maybe he's an engineer, a financial genius, a salesman extraordinary, or the top man. Connecticut Mutual *business life insurance* on such key men will settle these worries once and for all.

Q. Would the death of a key man hurt income, profits or credit?

A. It could hurt all three — that's why many firms use *business life insurance* to offset these financial losses.

Q. How can *business life insurance* help in the "replacement period"?

A. It will provide funds to carry the company over this difficult time — and for the salary needed to attract an outstanding replacement.

Q. If the principal owner is the key man, what will *business life insurance* do for his heirs and employees?

A. Forced sale of the business could hurt everybody badly. Connecticut Mutual *business life insurance* will provide funds to make up the difference between a quick sale and the real value, or to enable the employees to carry on.

Insurance on the human assets of a business is as important as fire insurance on its physical assets. Because *business life insurance* is so important to every financial and management man, Connecticut Mutual years ago set up a special department for it. There are Connecticut Mutual men near you who are trained in every aspect of *business life insurance*.

Founded in 1846, Connecticut Mutual was one of the earliest and is today one of the largest writers of life insurance for specialized business purposes. Not only are its policies particu-

larly adapted to *business life insurance* needs, but comparisons will show that its costs are among the lowest.

FREE BOOKLETS ON BUSINESS LIFE INSURANCE

Particularly useful to bankers who are concerned with the continued financial soundness of their customers is a series of booklets, one on each of the basic kinds of *business life insurance*. Send for one or all of them. The ideas in these booklets may help your customers assure the lives of their businesses.

The CONNECTICUT MUTUAL LIFE INSURANCE COMPANY • HARTFORD

THE CONNECTICUT MUTUAL LIFE INSURANCE COMPANY
DEPT. BA9, HARTFORD, CONN.

Please send, without obligation, booklets on the subjects checked:

- | | |
|---|--|
| <input type="checkbox"/> Partnership life insurance | <input type="checkbox"/> Proprietorship life insurance |
| <input type="checkbox"/> Close Corporation life insurance | <input type="checkbox"/> Key Man life insurance |

Name _____

Bank _____

Street _____

City _____ State _____

Interim Loans for College Housing

The following statement on interim financing of project construction under the College Housing Program has been issued by the Community Facilities Administration of the Housing and Home Finance Agency. It may be considered in conjunction with the short article on page 78 of BANKING for May, referred to below.

THIS statement is designed to acquaint officials of private lending institutions with the policies of the Community Facilities Administration regarding interim loans to finance construction of projects approved under the College Housing Program. The policy statements and comments herein have been taken from Housing and Home Finance Agency Regional Circular 254, mentioned in the May 1956 issue of *BANKING, JOURNAL OF THE AMERICAN BANKERS ASSOCIATION*.

Title IV of the Housing Act of 1950, as amended, provides for direct Federal loans at low interest

rates to assist institutions for higher education in the development of housing and related service facilities for students and faculty where such assistance is not otherwise available on equally favorable terms. Responsibility for this program rests with the Community Facilities Administration, a constituent unit of the Housing and Home Finance Agency.

The Community Facilities Commissioner, after appropriate analysis, review and approval of an application, enters into a loan agreement with the borrowing institution in which the Government agrees to bid for the purchase of a specified amount of bonds at a designated rate of interest when the issue is publicly offered for sale. The Government is prepared to make its bid at any time the bonds are ready for delivery, i.e., after adoption of proceedings essential to the valid authorization of the bonds, the issuance of an approving opinion by recognized bond counsel, and the printing of the bonds.

Although the Government is required to bid on the bonds only if the borrower is then in compliance with the terms and conditions of the loan agreement, it is improbable that any situation could develop which would prevent a Government bid, since the Agency staff and the borrower work together in the development of the project plans and the bond issue and indenture. Moreover, Agency representatives make periodic site inspections of project construction and audits of the project accounts. These Agency functions not only prevent noncompliance but assure lending institutions that any interim loans which they make will be properly expended in payments for completed work which has been inspected for conformity with approved plans and specifications.

To permit the institution to start construction at the earliest possible date rather than being forced to wait until the bonds are ready for delivery, it is the policy of the Community Facilities Administration to encourage the borrower to provide interim financing for project construction by use of its own funds or by temporary financing obtained from other sources, whenever such financing can be obtained on reasonable terms.

"Statement of Intent"

While some borrowers use their own funds, many find it necessary to finance construction through interim loans from other sources. To facilitate obtaining interim financing, the loan agreement is accompanied by a "Statement of Intent with Respect to a College Housing Loan Agreement," in which the Government reiterates that in accordance with the loan agreement the borrower "may apply to and, providing that the borrower is in compliance with the terms and conditions of this loan agreement, receive from the Government an advance against the bonds in an amount sufficient to liquidate such temporary loans."

The borrower is authorized to deposit the foregoing statement, together with a certified copy of the loan agreement, with any lending institution when applying for a temporary loan to finance construction of the project. This undertaking by the Government is not, of course, an unqualified pledge. However, the

(CONTINUED ON PAGE 123)

Comparison of Interest Cost for Various Interest Rates and Short-Term Maturities

Assumptions: Total project cost: \$1,000,000. Period of construction: 1 year.

Term	Interest Rate per Annum	Interest Cost
One year for \$1,000,000	2.75%	\$27,500
Two 6-month notes (One for \$500,000 and one for \$1,000,000)	4.00%	\$30,000
	3.75%	28,125
	3.50%	26,250
	3.25%	24,375
	3.00%	22,500
Four three-month notes (One for \$250,000, one for \$500,000, one for \$750,000 and one for \$1,000,000)	4.00%	\$25,000
	3.75%	23,438
	3.50%	21,875
	3.25%	20,313
	3.00%	18,750

Christmas Club

A Corporation

will again this year present

The Herbert F. Rawll

Memorial Awards

Competition



*The late Herbert F. Rawll,
founder of Christmas Club, A Corporation*

\$10,000 IN AWARDS • 1ST AWARD \$2,000

for the best letters on the subject

“WHY I JOIN THE CHRISTMAS CLUB”

The originators of the Christmas Club Plan will make 170 generous awards totaling \$10,000 in cash to Christmas Club members in financial institutions using the services of Christmas Club, A Corporation.

COMPETITION BEGINS NOVEMBER 16, 1956—CLOSES JANUARY 10, 1957

Herbert F. Rawll's faith in the ability of people to help themselves to financial security has been justified by the millions of Christmas Club members in the thousands of financial institutions that use Christmas Club as a vehicle to promote greater understanding of the financial services they offer to the public.

*A staff representative will be glad to
give you full particulars on request*

Christmas Club

A Corporation

FOUNDED BY HERBERT F. RAWLL

230 Park Avenue
New York 17, N. Y.





Select and consult
an independent
insurance agent
or broker as you
would your
doctor or lawyer



CASUALTY · FIRE · MARINE INSURANCE
FIDELITY · SURETY BONDS

United States Fidelity & Guaranty Co., Baltimore 3, Md.

Fidelity Insurance Co. of Canada, Toronto

Fidelity & Guaranty Insurance Underwriters, Inc., Baltimore 3, Md.

(CONTINUED FROM PAGE 120)

statement attests to the manifest intent of the Government to see the project through to a satisfactory conclusion.

The borrower is informed by the HHFA Regional Office (through which dealings with an applicant institution are handled) that, if borrowed funds will be required to finance construction, it would generally obtain more favorable terms via short-term renewable bank loans, drawing down funds on an as-needed basis, than if funds are obtained through the sale of the entire bond issue. To illustrate this point, reference is made to the table given below, which contrasts the interest cost of a \$1,000,000 project under various interest rates for 3- or 6-month notes with the interest cost for the bond issue. The borrower is further advised that it will find it advantageous to arrange a loan where interest is payable only on the amount actually drawn down. While the borrower may be able to obtain a loan without pledging collateral,

better terms are usually available by the pledge of collateral.

An interest rate on interim financing is regarded as reasonable if the interest cost resulting therefrom does not exceed the interest cost that would otherwise arise if the institution borrowed the funds through the sale of the entire amount of the bond issue at the current interest rate of $2\frac{3}{4}\%$ at start of construction. For example, a project having a development cost of \$1,000,000, the bench mark interest cost would be \$27,500 for 12 months. In this case, the interest rate could go as high as two 6-month notes or 4.4% on four 3-month notes, each resulting in an aggregate interest cost of less than \$27,500.

This policy brings the financing of college housing into line with general practices in the financing of construction where the definitive bonds are not issued until a project is substantially complete, i.e., about 80%. Bonds frequently find an appreciably better market if offered for sale when a project is substan-

Statement of Intent with Respect to a College Housing Loan Agreement (Sample)

This STATEMENT issued in connection with the Loan Agreement dated (Contract No.), by and between the United States of America and (hereinafter called the "Borrower"), which Loan Agreement evidences, subject to compliance by the Borrower with the provisions thereof, that:

(1) The Government has agreed to buy the Bonds of the Borrower in an amount not to exceed \$..... in order to finance the construction of a College Housing Project pursuant to the provisions of the College Housing Amendments of 1955.

(2) The Borrower need not await the delivery of the Bonds before starting construction of its Project, if it is able upon reasonable terms to temporarily finance the construction costs in the interim.

(3) In the interest of stimulating private financing of the construction costs of the Project prior to the time when the Bonds are ready for delivery, it is stipulated in Section 6 of the Loan Agreement that the Borrower may apply to and receive from the Government an advance against the Bonds which the Government has contracted to purchase in an amount sufficient to liquidate any interim financing borrowings which may become due before the Bonds have been prepared in definitive form.

(4) The Borrower is hereby authorized to deposit the attached certified copy of the Loan Agreement and this Statement with any private lending institution in connection with its application for a temporary loan to aid in the construction of the Project, as evidence of the Government's obligations under the Loan Agreement.

Executed on behalf of the United States
of America

.....
Regional Administrator

.....
Date



Best to the Banking Convention-

UNITED AIR LINES!

Los Angeles, October 21 to 24



You'll save time and arrive fresh and relaxed when you fly United's fast, dependable Mainliners® direct to Los Angeles and the convention. Choose from either of two fine services: luxurious First Class with delicious meals aloft, or low-cost Air Coach with exclusive 2-abreast seating comfort. A round trip discount is available on all First Class flights, plus an economical half-fare family plan. Convenient 'round-the-clock departures link 80 U.S. cities coast to coast.

Post-convention Hawaii Holidays

Before or after the convention, enjoy a delightful vacation in Hawaii. Complete Air Tours, from 7 to 22 days, as low as \$271.50, plus tax, including air fare from Los Angeles.



BUSINESS CONDITIONS IN SOUTHERN CALIFORNIA

RESEARCH DEPARTMENT CONDENSED SUMMARY



BUSINESS AT NEW PEAK LEVEL

Business volume in the southern half of California was at a higher level during the first half of 1956 than during any previous six-month period in the history of the area. For nearly a year, however, the over-all business trend has been practically horizontal.

The steadiness of general business activity at record levels has been the result of a mixture of diverse trends. For instance, the aircraft, ordnance, electrical machinery, instruments, and printing industries have continued to show strength, overbalancing the contraction in the motor vehicle industry. In the building sector of the economy, the expansion of nonresidential building activity has more than offset the decline in home construction.

CONSTRUCTION—The total of all permits issued for building construction in the 14-county area, plus all contracts awarded for engineering construction, came to \$1,309,000,000 in the first half of 1956. This is a rate equivalent to \$2,516,000,000 per year—a level 2.4 per cent above last year's record.

NEW INDUSTRIAL PLANTS AND EXPANSIONS announced for Los Angeles County during the first six months of 1956 will involve a capital investment of \$196,866,000. This represents an increase of 116 per cent over the same period last year and is the largest total for any half-year period in the history of the area.

TOTAL CIVILIAN EMPLOYMENT averaged 2,339,500 in the Los Angeles area during the half year just ended. This was 4.2 per cent above the first half of 1955—and a new record level.

UNEMPLOYMENT in the Los Angeles area during the past six months was at the lowest level in over ten years.

RETAIL SALES in the Los Angeles area during the first half of 1956 are running at an annual rate a little over 8½ billion—or about 5 per cent above the 1955 level.



MONTHLY SUMMARY OF BUSINESS CONDITIONS IN SOUTHERN CALIFORNIA, from which this excerpt was taken, is published regularly for friends and customers of Security-First National Bank by our Research Department. If you would like to receive it free of charge regularly, write Bank and Customer Relations Department.

RESOURCES OVER 1¼ BILLION DOLLARS

**SECURITY-FIRST NATIONAL
BANK OF LOS ANGELES**

FOUNDED 1875

MEMBER FEDERAL RESERVE SYSTEM • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

tially complete than if offered prior to the start of construction. This policy on interim financing thereby implements the Administration's general policy of encouraging maximum private participation in the permanent financing of college housing projects.

If a borrower is unable to obtain interim financing on reasonable terms, or it is otherwise legally estopped, it may request that temporary financial aid be provided by the Government to avoid undue delay in project construction. Such Government assistance is provided only when the borrower shows that it has made a real but unsuccessful effort to secure interim financing from other sources. Interest costs during construction, irrespective of the source of construction funds, are included in the total project cost.

Bank Honors Student Writers

EACH year the *Arizona Republic* and *Phoenix Gazette*, in Phoenix, and the Advertising Club of that city sponsor an essay contest open to high school students in central Arizona. Each manuscript must be on the general theme of advertising; otherwise there is no restriction as to subject. Winners from each school get a Savings Bond from the newspapers. The writer of the essay adjudged best of all gets a larger bond.

First National Bank of Arizona reprints the winning essay annually. It also sends a proof to the head of the company discussed. This year Lewis C. Watson, a senior at Tempe Union High School, won top award. His entry, "Super X-power for Pests," was based on an ad for Winchester Division of Olin Industries. He analyzed the ad and gave his personal reactions to it.

Farm relief in the old days consisted of a husky fellow who was paid \$30 a month and board and room.

You can't tell how much a man still owes on his car by how high he holds his chin.

What's going on in St. Louis?

A dynamic new spirit is at work here
in the Nation's hub



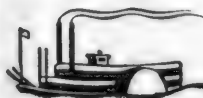
TO A LITTLE GIRL the miracle of modern medicine at County Hospital is secondary to a doll's companionship. This Hospital is one of the medical facilities that will benefit from recently approved bond issues of \$40 million in St. Louis County and \$110 million in the City of St. Louis.

There's more reason than ever to do business in centrally located, economically solid Greater St. Louis!

The nation's hub is alive with intense activity—new highways, new industry, new master traffic plan, new buildings—expansion and improvement everywhere, paced by \$150 million of civic improvement bond issues.

Boatmen's, the Oldest Bank West of the Mississippi, is right in the thick of it, supplying wide-awake modern service and economic know-how and more than 108 years of banking experience to St. Louis business, industry and individuals.

Whatever your correspondent needs and problems in the busy, progress-minded St. Louis area, we invite you to consult Boatmen's.



The Boatmen's

NATIONAL BANK
OF SAINT LOUIS

BROADWAY & OLIVE

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Oldest Bank West of the Mississippi

Government Bonds

(CONTINUED FROM PAGE 55)

The average cost to the Treasury of the weekly sales of bills rose slightly during July and was nearly 2.40% on August 6 as compared with about 2.25% early in July.

Considering the market action of the Government bonds and the higher rates at which new corporate bond issues were sold, the steady absorption of the Treasury bills continues to show that corporations still have the money to buy them

and prefer them to any other form of temporary investment.

In every week in July dealers had the opportunity of moving their allotments at some profit within a few days of the actual sale.

The ownership of bills outside of the banking system continues to a degree which would not have been felt to be possible in past years. With slightly over \$20,800,000,000 of bills now outstanding, the combined ownership of the Federal Reserve banks and the reporting member banks is not much over \$1-billion. Just what would happen if

the corporations should change their habits?

It is probably this distortion of ownership which has led to the report that the Federal Reserve would like to see bills offered in exchange for some of its maturing issues. If the OMC is to continue to be allowed to confine its market operations only to bills it certainly looks as if they should have more of them. But so far the Treasury is said not to favor the idea.

U.S. Debt Down, But Shorter

On July 31 the total U. S. debt, subject to the present limitation of \$278-billion, was about \$272,250,000,000. It will be further reduced by about \$1.8-billion as a result of the cash attrition on the refinancing of the 2% notes which matured on August 1 and the payment of the \$982-million 2¾% bonds on September 15. Sale of \$3-billion of tax anticipation certificates will result in an increase but the Treasury will still have a leeway of about \$4.5-billion. As the balance in the General Fund on August 1 was nearly \$4-billion there should be ample funds available without reaching the debt limit ceiling especially as, this year, corporate tax payments in September and December are 10% instead of 5% of estimated taxable income.

Despite the wishes of the Administration to extend the average maturity of the debt, conditions have been such as to prevent any progress in that direction. Debt maturing in one year or less has actually increased, being now nearly \$66.5-billion as compared with about \$57-billion a year ago.

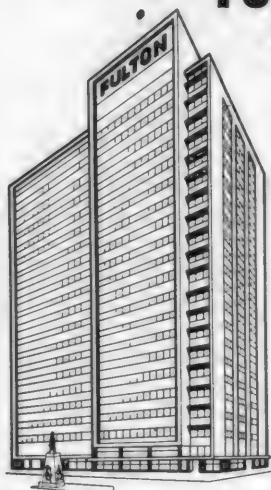
Some time a member of the Russian hierarchy is going to outwit his associates and die a natural death.

A road hog is a person who speeds up every time you speed up to get in front of him.

Unfortunately, laziness is never fatal.

A Christian nation has churches from which its people may stay away on Sunday. A pagan nation has no churches to which those who might like to attend may go.

Let the NEW FULTON NATIONAL Serve you in Atlanta and the Southeast



The Fulton National Bank
TEN LOCATIONS SERVING THE ATLANTA AREA
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
MEMBER FEDERAL RESERVE SYSTEM

Common and Preferred Dividend Notice

July 25, 1956

The Board of Directors of the Company has declared the following quarterly dividends, all payable on September 1, 1956, to stockholders of record at close of business August 6, 1956:

Security	Amount per Share
Preferred Stock, 5.50% First Preferred Series	\$1.37½
Preferred Stock, 5.00% Series	\$1.25
Preferred Stock, 4.75% Convertible Series	\$1.18¾
Preferred Stock, 4.50% Convertible Series	\$1.12½
Common Stock	\$0.35

W. H. Angerson
Secretary

TEXAS EASTERN  *Transmission Corporation*
SHREVEPORT, LOUISIANA

The thermostat on the wall—

sign of a comfortable, efficient office



TRULY comfortable and efficient working conditions not only help you work more energetically, they put your customers into a pleasant and receptive mood. And if you have tenants—they are happier and more satisfied, too.

That's why more and more offices are displaying a Honeywell Round on the wall. This sensitive, precision thermostat *automatically* maintains the exact office temperature desired.

The Honeywell Round also does away with the inconveniences of manual controls. Ends tiresome twisting of radiator knobs and interminable raising and lowering of windows. It can be installed within easy finger tip reach for less than the price of a good office chair. It will cut decorating costs, end constant overheating, and excess fuel bills. And control a room air conditioner as well, if you want it to.

You and your tenants deserve the added comfort and efficiency of a Honeywell Round. Get complete information from your local Honeywell office. Or write Honeywell, Dept. BK-9-112, Minneapolis 8, Minnesota.

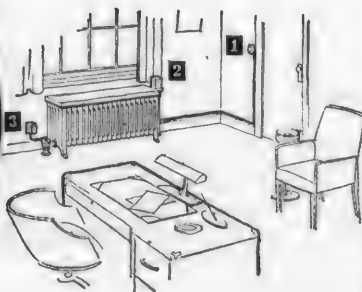
The Honeywell Round



MINNEAPOLIS
Honeywell



First in Controls



*Easy to wire to
your radiator!*

A low-voltage wire connects the Honeywell Round (1) with the Honeywell radiator valve (2) and a small transformer (3). Transformer plugs into standard 110-volt outlet; serves one or more valves.

Note the Kardex Customer Information File along the wall.



This attractive installation is a blending of efficient work stations with friendly customer atmosphere.

modernize for tomorrow!

Today's installations can and should provide for tomorrow's growth. Have you considered this factor in *your* modernization plans? Our long experience with every phase of bank planning and operations assures you that Remington Rand recommendations will meet your needs not only for today... but for years to come.

The key to sound planning is flexibility. Our wide range of standard and semi-custom equip-

ment enables us to cope with any combination of factors that your individual needs may require.

Your local Remington Rand representative and our Bank Engineering Services are available (without any obligation) to assist you or your architect in planning your long-range requirements.

This service is as close as your telephone. Why not call today about a preliminary discussion? Or, write Room 1990, 315 Fourth Ave., New York 10.





This installation is made up entirely of standard components.

Validating equipment located on the return counters provides ample space on the main counter for the tellers' activities.

Machine recesses located in counter and acoustically treated, save teller work steps and reduce noise.



Standard check desks may be used individually or free standing back to back.



Combinations of steel, formica and live woods may be combined to your requirements.

Mobility of pedestal units (optional dual control lock) may be provided as desired.



Remington Rand
DIVISION OF SPERRY RAND CORPORATION

STEEL-STRONG
TRADE MARK



AMOUNTS
AND WINDOWS
ALWAYS
IN REGISTER...

AUTOMATIC COIN WRAPPERS
...ARE SO ACCURATE
MISTAKES ARE IMPOSSIBLE

Wrap all coins from 1c to \$1.00 so accurately...they're made in a special machine that affords this unusual precision...any chance of error is eliminated! Patented Red Windows, revealing amount and denomination...always in register...afford ease of visibility. Tapered or gummed edge.

AMERICA'S No. 1 SELLER! ...

'KWARTET' COIN WRAPPERS
1 WRAPPER WRAPS 4 DENOMINATIONS
IN HALF SIZE PACKAGES

A single wrapper designed to wrap pennies, nickels, dimes & quarters in HALF SIZE packages. Tapered or gummed edge. Printed in 2 colors. Made of Northern spruce pulp Kraft for greater strength.

DEPT. N **The C. L. DOWNEY CO.**
FREE SAMPLE HANNIBAL, MISSOURI



How to Put Depositors In Your Bank



Feature **BOWER Visible Coin BANKS** (bearing your name and address and message) in your lobby, window and ads. See how fast they sell with the theme: "IT'S FUN TO WATCH YOUR SAVINGS GROW!" They not only bring in juvenile depositors but parents and grandparents (present or future customers for your other services, too). A quick self-liquidating promotion (you sell them at cost) that puts **FREE ADVERTISING** in homes as constant reminder of your institution.

FREE SAMPLE

Your Choice of Four Styles

Send for complete catalog of **BOWER BANKS** to select type you'd like to consider to publicize your services. Colorful plastic or glass banks made by America's largest producers of coin banks exclusively for financial institutions and distributed by them to the public in every state of the U.S. Ask for regular customers near you, or testimonials. You don't have to load up on these banks—you may order as few as two dozen. **FREE** display stand, ad mats, other sales aids.

**SALES GUARANTEED
OR MONEY BACK**

BOWER Manufacturing Co.

Box 2-B-1

Goshen, Indiana

if it will do this...

**Make Check Sorting
FASTER...
EASIER**



THE
Kohlhaas

BANK CHECK SORTER

For daily sorting in bank bookkeeping departments the Kohlhaas Bank Check Sorter will outperform any manual sorter on the market in *Speed, Ease-of-Operation and Accuracy*. Has all of the operator designed features for improved sorting efficiency. Available with Alphabetical and Name Guides to suit your requirement.

it's worth this... Write for
FURTHER INFORMATION — PRICES

the **KOHLHAAS CO.** 8012 S. Chicago Ave.
Chicago 17, Ill.

Public Relations

(CONTINUED FROM PAGE 43)

carries a four-color advertisement of **AMERICAN SECURITY & TRUST COMPANY**, Washington, D. C.

Several ads are being used in the monthly series, each featuring a reproduction of a famous painting in the National Gallery of Art in Washington. The institutional copy ties in with the title of the painting and calls attention to American Security as one of the Capital's leading banks.

To test the effectiveness of the ads, the bank offers a reprint of the painting, without advertising and "suitable for framing," at nominal cost to cover handling and postage.

Assistant Secretary John J. Ahearn tells us that this is the first time the Pennsylvania has agreed to advertising on its menu. The new format is replacing approximately 27 cards previously used on the system. The road serves 400,000 meals a month.

The bank's August message pictured "The Washington Family," by Savage, and the copy was headed "An American Family." It said: "The strength of this nation rests on the shoulders of the American family—any American family and every American family. In their ambition and desire for a better way of life lies the driving force of our expanding economy."

"To serve these ambitions and desires is one of American Security's proudest functions..."

Bank Broadcasts Club News

Civic, charitable, social and religious organizations in Alton, Ill., get free time for announcements (CONTINUED ON PAGE 132)

The National Bank of Commerce in New Orleans asked depositors for suggestions as to how it could better serve them. "Put an adding machine in the lobby for customers," said one. Here it is



BANKING



Calls facts valuable resource

Financial leaders repeatedly emphasize how much major businesses depend on prompt, exact credit information. Outspoken satisfaction from those who rely on it is the best possible endorsement for our credit investigation service.

Every practical source is probed, using our own highly-developed techniques. Our investigators are skilled in method, schooled in tact. They have direct channels to both

usual and out of the ordinary agencies and individuals in every part of the world. Their work is closely supervised by seasoned credit officers who select, analyze and evaluate the information furnished you.

Why not let Bankers Trust do a fast, efficient, *personalized* job on your next credit inquiry. It's one of the most valuable correspondent services available to banks throughout the country.

BANKERS TRUST COMPANY

16 WALL STREET, NEW YORK 15, N. Y.



Member
Federal
Deposit
Insurance
Corporation

(CONTINUED FROM PAGE 130)

on the FIRST NATIONAL BANK & TRUST COMPANY's radio program.

Known as "First National Bank Club News," the broadcast is from 12:45 to 1 P.M. Monday through Friday. Announcements for the most part are directed to the organizations' members, and concern regular and special meetings, benefits, card parties, church suppers, PTA functions, etc.

The bank is mentioned in three spots: one minute at the start, a half-minute midway, and another minute at the finish. The middle commercial is devoted entirely to the message that the bank recognizes the good work being done by so many organizations in its trade area, and extends an invitation to open a cost-free checking account in addition to publicizing their activities.

Bank Aids Landscapers

A LIST of recommended trees and shrubs for its area was distributed by PEOPLES TRUST & SAVINGS BANK of Indianola, Iowa. Compiled by a Des Moines nursery, the suggestions included plantings for

foundations, borders, screening and background, shade and general decoration.

This bank sent one or more complimentary copies of the local paper to all the rest homes in its community. A sticker was attached reading: "Compliments of the Folks at the Peoples Trust & Savings Bank."

Peoples also supplied the scoreboard for the football field, reports President William Buxton III.

Memo to Newcomers

HERE'S an effective idea: FIRST NATIONAL BANK AND TRUST COMPANY of Paterson, N. J., sends to companies moving into its area a memorandum outlining the requirements placed by the state on business organizations to enable them to pay their employees by bank check.

The memo presents the opinions of the bank's attorneys and the New Jersey Labor Department. It has been "a great deal of help not only to newcomers but also to present customers who have decided to change from paying by cash to paying by check," says Vice-president John P. Anderson.

Money Mileage

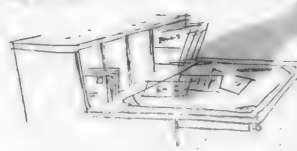
A BOOKLET that shows readers how to get the maximum mileage from their dollars is being distributed by the MERCHANDISE NATIONAL BANK of Chicago.

"Money Matters . . . Unmuddled" also explains how a customer's deposit is put to work in the bank indicating the breakdown of each dollar into reserves, investments, etc. Under the heading "Budgets . . . Ugh!" it outlines half a dozen hints for developing a spending plan.

From the Merchandise National Bank's "Money Matters . . . Unmuddled"

budgets...ugh!

Next pay day as you start home with a fresh pay check in your hand, don't think of "budgets"—that's a fightin' word to most of us. Think rather of a "Spending Plan." Doesn't it sound better when you call it that? It should because it's fun to spend, but it's a joy to spend wisely. Here are a few hints for you.



"your name came up...
when we looked in

POLK'S BANK DIRECTORY!"



When you advertise in Polk's, your name comes up often in important discussions! Those you want to reach, use Polk's Bank Directory day after day, year after year! Make sure your name **KEEPS** coming up.



R. L. POLK & CO.

Publishers

Nashville 3, Tennessee

School Tours Increase

TOLEDO TRUST COMPANY, Toledo, O., reports an increase of nearly 10% in the number of elementary and high school pupils who toured the bank during the past school year. The trips were taken by 5,817 young people compared with 5,315 the previous year. Trust company officials gave the talk "You and Your Community Bank" to 6,621 students, and the film, "Back of Every Promise," was shown 76 times to 5,026 high school pupils.

What Banks Are Doing

Educating Directors

PENNSYLVANIA BANKERS ASSOCIATION added a directors' seminar this year to its annual summer school at Pennsylvania State University. PBA is holding a public relations conference at the Hotel Roosevelt, Pittsburgh, Sept 12-13.

New Film

"Money in Motion" is the title of a new 16 mm color movie produced by the MICHIGAN BANKERS ASSOCIATION. It shows how a modern bank facilitates the flow of money in a community, and in a trip behind the scenes, from bank vault to president's offices, answers questions about banks and banking.

Deciding that many passbooks (its own included) looked old fashioned, The Beneficial Saving Fund Society of Philadelphia had an actual photo of the main office put on the front cover. It's reproduced on grain pliable vellum stock, reports Vice-president Frank T. McKee



Denver Campaign

THE DENVER NATIONAL BANK is bringing the message "A strong right arm to serve you" to the public by means of two "3-D" outdoor cutout rotary bulletins featuring a giant hand that holds a cross-section of the community.

Anniversary Display

THE GRAMATAN NATIONAL BANK AND TRUST COMPANY of Bronxville, N. Y., observed its 50th anniversary with a window display comprising

a panoramic scene of the village half a century ago, and another high-lighting Bronxville today.

New Branch Promotion

THE FIDELITY TITLE AND TRUST COMPANY of Stamford, Conn., used 12-page special advertising supplements in two weekly papers to help promote a new suburban branch. Each consisted of feature stories about the bank, its services and staff. There were many exterior and interior views, and two-page spreads of employee photos.

Touched with HOLIDAY MAGIC!

6 INCHES HIGH



Banthrico's
ALL-METAL

Santa Claus BANK

Yes, it's sheer magic the way this irresistible SANTA CLAUS BANK makes any Holiday thrift promotion an overwhelming success. Rugged, cast metal construction. Hand decorated in red, black, white and gold. Tested and proved as an incomparable new account-getter by thousands of savings centers. And reports show that the SANTA BANK is used for year 'round saving. Exceptionally low priced. Send for sample and prices NOW! Don't hesitate—production is limited!

• NO KEY NEEDED. Steel plate in bottom is easily removed by loosening screws. Coin slot on back of chair.

• YOUR IMPRINT placed in specially designed, raised area on back.

• THRIFT-GIFT-BOXED in gay red and green Holiday container.



Banthrico International

17 N. DESPLAINES ST.
CHICAGO 6, ILL.



"ADVANCE BOND makes our letters much more impressive"

Mr. Harry W. Alexander, founder of the Harry W. Alexander Organization, business consultants, New York City.

Surveys* show that the lowest grade rag-content bond making up a letterhead and matching envelope costs less than a three-cent postage stamp.

This microscopically tiny cost is increased by less than a penny when you give your customers the advantages of the highest grade rag-content letter paper obtainable: ADVANCE BOND.

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PAPERS



"SO MUCH extra value FOR SO LITTLE extra cost"

Since 1849



Will the Cows Repay the Loan?

(CONTINUED FROM PAGE 61)

A study of Farm C indicates a small operation with production gained by feeding a large amount of purchased grain to cows of average breeding. It is important to note that expenses per cow are about \$100 higher than average with a resulting lower current profit. Although investments per cow are well in line, this farmer had only \$2,600 of net income in 1955. Out of this came, and will continue to come, the first liens of family living and necessary capital outlays before debt reduction can be expected. Our loan to this middle-aged farmer has been moderate but steady—financial progress has been slow. This case presents no immediate problem to the farmer or the bank, but serves to sound a note of caution when a young farmer whose equity is a small fraction of the purchase price wishes to buy a small farm.

Effect of Feed Bill on Income

In addition to the importance of the size of the business, the analysis of this farm brings out one question particularly: "Does feed bill affect income?" Several studies by a county extension agent in a neighboring county indicated that a feed-purchased ratio below 33%, consistent with average herd production of about 9,000 lbs. per cow, was associated with a higher-than-average labor income. Although excellent management ability is required for accomplishment, the objectives of a good dairyman are to supply feed to the point where the last dollar invested returns slightly more than a dollar, and to cull poor cows consistently and effectively. This is a complex study in itself, but it is interesting to note a case in which the ratio of feed purchased to milk income of one of our leading farmers is 25% with a 13,000 lb. herd average and a very favorable level of income. Obviously, this is an exceptional operation, but it serves to indicate goals which can be attained as management ability reflects itself in higher labor incomes.

Farm D and its requirements test the credit man and loan committee. Here is a young farmer with an excellent background and proved ability, who requested a loan of approximately \$30,000 to refinance his

operation. Repayment terms which can be met are to be based on assignment of 25% of his monthly milk check. We anticipate an intermediate credit type of loan amortizing in about nine years. Security for the loan is a collateral real estate mortgage and agricultural chattel mortgage on cows and machinery. Following the usual practice of checking references, including other bankers, we found the personal factors in balance.

However, further investigation indicated a farm of 298 acres with six crop acres per cow. According to our efficiency guides, this farm is understocked—with a consequent high capitalization per cow. The two-man equivalent calls for more milk production per man. On the basis of a favorable character rating, good production, and average feed-purchased-to-milk-income ratio for the preceding year of operation, this loan was granted, despite one presently weak factor; namely, size of herd. The goal is to provide capital to increase the size of the operation gradually to 60 cows. These additional investments will be encouraged insofar as they are consistent with continued good management by the farmer. We anticipate many more applications of a similar nature as our farmers find it necessary to expand their operations in an ever-changing economy. Operating statements will play a large part in determining whether or not loans can be granted.

Bulk Milk Tank Installations

A frequent need for an operating statement has been created by the increased installation of bulk milk tanks in our area. We have established a policy of financing those farmers whose entire credit needs we service. To justify a bulk tank, we believe the annual production of milk should exceed 200,000 lbs. The downpayment required is 10%, with terms up to five years. Although all of our requests have come from established customers, we generally take an assignment of the milk check for the monthly payment and secure the loan with a chattel mortgage keeping the note separate in order to be able to identify indebted-

(CONTINUED ON PAGE 137)

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Frank Roberts (left) shows off his cattle to his Purina Salesman, Wib Fricke (center), and Mr. W. C. Kerr, vice-president of the First National Bank, Pana, Illinois.

More cattle...more income for all... thanks to three-man farm team

FRANK ROBERTS OF HERRICK, ILLINOIS, WAS LIKE A LOT OF FARM FOLKS TODAY... he knew his business, but needed more capital to put his cattle-feeding knowledge to work making the extra income he needed to increase his holdings and for remodeling his home.

To help Frank, a three-man team went into action: Purina Dealer Roy Schaper, of Pana, Ill., Mr. W. C. Kerr, vice-president of the First National Bank in Pana, and Frank all got together. The bank agreed to put up the extra money for more cattle, Roy Schaper agreed to give the feeder all of the help and advice that 62 years of formula feed manufacturing had built for Purina, and Frank Roberts agreed to do the best job he could to make his cattle pay out well.

And everything worked out fine. Frank was able to feed more cattle than he would have been able to afford by himself... and the extra income helped him remodel his home.

Roy Schaper was able to service his customer with the Purina Chows and management helps he needed, and the First National Bank of Pana also grew with the transaction.

What's more, the additional cattle and money this transaction put into the community brought more prosperity to nearly everyone in and around Pana.

We will be happy to send you details on how profitable poultry and livestock financing helps build community prosperity. No obligation, of course. Write: Ralston Purina Company, 1605 Checkerboard Square, St. Louis 2, Mo.



WHY THE FIRST NATIONAL BANK OF PANA LENDs THROUGH PURINA DEALERS

The First National Bank of Pana—like similar institutions over the country—has found that farm loans, especially livestock and poultry, can be good business for them. Especially if there is adequate and proper supervision of the livestock or poultry by qualified experts. As executive vice-president W. C. Kerr says: "Our Purina feeder financing during the past year has been very satisfactory. We are interested in anything that helps promote the welfare of our community. The Purina business is no harder to handle than other types. It is very little trouble, in fact. And, to date, we have not suffered a loss with Purina feeders' loans!" Why don't you get in touch with the Ralston Purina Company and see how easily you can become...

Partners in Prosperity

Will Cows Repay Loan?

(CONTINUED FROM PAGE 134)

ness during its stay in our loan portfolio. Some milk companies have set up financing plans in which the note is discounted with a bank with a down-payment of 25% but with up to 5-year terms. It is our feeling that the use of the bulk tank is an excellent means of marketing milk. With improved weight and test procedures, we have welcomed financing bulk milk tanks for farmers whose operations successfully meet the test of our "operating efficiency guides."

The problem of financing the dairy farmer varies from section to section, but many basic points are in common. The use of an operating statement is only another tool to be added to the kit which contains so many others. However, the trend toward greater efficiency and a larger business, including more cows, additional land, remodeled buildings, and expensive machinery, calls for knowledge on the part of the loaning officer as to where the farmer *stands* and where he is *going*. These two types of information can be obtained by a review of his balance sheet and of his operating statement.

A "Kitchen Table Conference"

Financing the dairy farmer can be compared to the medical profession. When the farmer calls for help, a "kitchen table conference" with the family is of utmost importance. If, after diagnosis, a "prescription" can be pulled from the shelf, there is a chance for "good health" in the future. By personal contact and a careful analysis, confidence is established between a farmer and a lender which can help to assure pleasant relations for many years to come. Our farmers have been cooperative in submitting their operating statements and several have requested a review for the sake of comparison. Our experiences definitely indicate the need for improved analysis which will suggest where a farmer is *going financially*. We believe a study such as ours, or greater reliance on data already available in many areas from experiment stations and county agricultural agents, will improve the quality of paper in bank loan portfolios and, at the same time, improve the income and standard of living in each community served by the nation's banking institutions.

Two-Way Flexible Monetary Policies

THE possibility of loosening the "clamps on inflation" in Western Europe and the United States was the subject of a recent dispatch to *The New York Times* from Paris. The *Times* said that "a well-known economist" believed the "time has not quite been reached."

The economist was Dr. Per Jacobsson of the Bank for International Settlements, and the occasion was a meeting of the council of the International Chamber of Commerce.

The news dispatch stated: "It is the kind of expression of opinion by the kind of person in the kind of place that could easily make it the beginning of a new world economic phase. Dr. Jacobsson has been the high priest of the tight money policy as the sovereign remedy for inflation."

Noting in his Paris talk that "flexible monetary policies are more or less accepted everywhere today," the economist warned that such policies must be flexible both ways.

To quote further from Dr. Jacobsson's speech before the International Chamber:

"Those who now criticize the stricter monetary policies do not deny that they are effective. I don't think it can be denied that the policies work, but people may dislike them for other reasons. They may say that they involve too heavy burdens, too high a cost of borrowing for the government and for small business firms. They may hold that small business firms become handicapped also in other ways in that, for instance, they are less able to obtain the credits they need than larger firms. Or people may think the policies will prove too effective; that in fact they may cause a slump and thus give rise to unemployment.

"Therefore there are those who want to use direct controls also; they ask, in other words, for a combination of a flexible policy and direct controls.

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COMMON STOCK DIVIDEND

The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the Common Stock of the Company, payable on September 5, 1956 to holders of record on August 18, 1956, and the nineteenth regular quarterly dividend of \$1.125 per share on the 4.50% Cumulative Preferred Stock, 1951 Series, of the Company, payable on September 5, 1956 to holders of record on August 18, 1956.

July 26, 1956

T. S. O'BRIEN, Secretary



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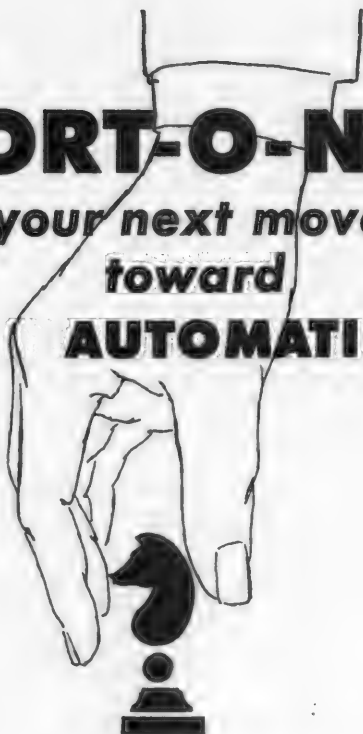
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AUTOMATION



Sort-O-Namic—the Todd system for “on premises” imprinting of checks—is a step toward automation later and a step toward greater profits and efficiency *right now*.

Whatever happens in the field of bank automation one fact seems assured: Customer checks will have to be identified by name as well as by code. This is necessary to prevent exchange of checks before negotiation.

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Sort-O-Namic is a logical, immediately profitable step toward automation—a step you won’t have to eliminate or retrace later on.

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Please have one of your representatives telephone
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“Yes, rates may have to be heavy for a time. But a 5½% bank rate may be necessary to reverse an “inflation mentality,” one of the curses of our time. But a part of the cost of higher rates comes back to the government through taxation; and interest rates constitute in any case not a large portion of the national income—often only 6 or 8% of the total national income.

“As to small business, it may be hard on them, as on other business. But they may be able to borrow from private sources; banks may be asked to give those firms special attention. In any case, there must be some difficulties and costs connected with the task of moderating a boom. Monetary policy—like other policy—must be compromised between conflicting considerations.

“As to whether flexible policies cause unemployment, experience has shown that hitherto they have not done so. In Western Germany, employment increased in a spectacular manner. The unemployment fear has been exaggerated, I think.

Public Ahead of Politicians

“Public opinion is probably willing to accept harsher measures than the politicians have believed. The public is tired of rising prices. I personally believe both the Federal Reserve and the Bank Deutscher Laender have been right in their recent moves. The public should likewise ask the government and the large economic organizations to make their contributions to the general policy.

“It is quite possible that before long we will look forward to a change in policies. Because of the great increase in output, a change may be nearer than perhaps at the moment seems possible.

“May I point to one particular danger: the possibility of too high costs. It is really necessary to hold costs down if one fears that a slump will be threatening us before long. This does not mean that labor will be cheated of its real rewards. Labor will gain from the fact that prices do not rise, or even some prices fall.

“The simple recipe is: tight money in the boom, relaxation in the slump. Some say we knew this long ago. Yes, but we have now new techniques. I believe that, with cooperation from the government and other organizations, progress can be maintained with only minor setbacks.”



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Foreign Relations

(CONTINUED FROM PAGE 50)

and agricultural finance. All hold responsible positions in their own countries, either with banks, government lending agencies, or banking supervisory departments.

One of the visitors was a woman, Miss Adriana Wycoco Almeida of San Juan, Rizal, Philippine Islands. She is the assistant manager of the Ortanez Rural Bank, Inc., an institution almost solely devoted to supplying agricultural credit.

Although their visit with the First National Bank of Jackson was and is of primary interest to bankers, this was only a small part of their exposure to the agricultural credit structure of the United States.

Unfortunately, perhaps, their study of the operations of the First National Bank of Jackson was too limited to give a full perspective of the fact that banks provide approximately 70% of all non-real-estate farm credit as well as a very substantial portion of that on farm real estate.

However, in view of the fact that the tour was arranged by the International Cooperation Administration and the U. S. Department of Agriculture, it is understandable that the visiting bankers were given time to study such agencies as the Farmers Home Administration in Springfield; the Production Credit Association at Ashland; the National Farm Loan Association at Wooster; and the Farm Credit Administration's district headquarters in Louisville, Ky.

A Short Course, Too

Added to their stay in Ohio was a 6-weeks' course in agricultural credit and economics at Ohio State University, Columbus. Conducted by the department of agricultural economics and rural sociology, the intensive short course was given by Prof. Virgil R. Wertz and R. A. Bailey, of the University staff.

Gerald W. Sheldon, research assistant in the same department, is serving as the technical leader for the group during their entire 4-month period in this country.

During the final two weeks in Washington, D. C., the visitors will appraise the entire program and

(CONTINUED ON PAGE 142)

Now . . . on DEPOSITORIES, as on bank vault entrances, FIVE STARS SAY "FINEST"



Here, in gleaming stainless steel, incorporating an eye-catching fluted design, are the new, improved Herring-Hall-Marvin "Five-Star" Depositories, worthy companions to the now famous H-H-M "Five-Star" push-button controlled bank vault entrance and the H-H-M "Five-Star" Drive-In Windows. Each model is in keeping with the modern trend in bank architecture, designed to create new customers and please old ones.



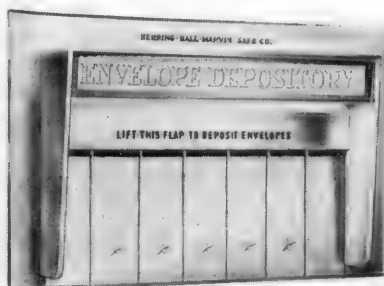
"FIVE-STAR" DUAL HEAD NIGHT DEPOSITORY MODEL 901

This "Five-Star" dual head Night Depository has an extra large hopper for bags and bulky packages with a counter-balanced and hinged door. Above the door is an envelope deposit slot with its own hinged cover and separate chute. A stainless steel weather hood prevents water from entering depository head during a driving rain. Illuminated panel floods depository face with light at night.



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An entirely new concept in envelope depositories! It not only receives envelope deposits, but also provides an envelope for each customer's use. When the handle of the writing shelf is pulled out, it automatically carries an envelope with it. When the depository flap is raised the shelf is automatically retracted.



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Consecutive Dividend

A regular quarterly dividend of fifty cents (50¢) per share on the Capital Stock of the Company has been declared this day, payable on September 10, 1956, to stockholders of record at the close of business on August 10, 1956.

The stock transfer books will remain open.

S. T. CROSSLAND

Vice President & Treasurer

July 27, 1956

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Leading passbook manufacturer now has several territories open for aggressive men calling on banks to sell all types of passbooks and pocket check covers. Commission basis.

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(CONTINUED FROM PAGE 140)

prepare recommendations for applying the information gained in the U. S. to the improvement of farm credit systems of their respective countries.

The week spent in Jackson provided a unique opportunity to "sell" independent banking and individual initiative to an international audience of influential persons.

And, under the direction of First National's genial vice-president, Leon M. Evans, that job was done extremely well.

Despite a program laid out by Mr. Evans that kept the visitors busy practically around the clock each day, there was no sign of boredom or loss of interest as they took everything offered by the bank's capable staff, the hospitable homeowners of Jackson, the staff of the Ohio Bankers Association, and many visiting bankers—and came back for more.

On Monday, July 23, the opening day of their visit, the group was officially welcomed by Mr. Evans, Jackson's Mayor Floyd Blair, and Chamber of Commerce President Bill Farrington. Then their banking education started.

President Charles Bruny described, in detail, the services offered by the First National Bank. Further discussions followed by the County Extension Agent, the local director of the Soil Conservation Service, the chairman of the Agricultural Stabilization Committee, and the high school vocational agriculture instructor. The writer talked on the structure of the average community bank, particularly in rural communities.

Frequent Farm Tours

As one day followed another, Mr. Evans led his guests (a few of whom could not speak English and were served by full-time interpreters) through consideration of every phase of farm credit. Widely varied farms were visited, and individual loans were studied.

And a million (more or less) questions were asked!

On Thursday, set aside as "Bankers' Day," the audience was increased by over 30 bankers from towns as far away as 100 miles, all interested in proving their own hospitality.

Edison Hobstetter, president of

the Pomeroy National Bank, Pomeroy, and past president of the OBA, gave an outstanding talk on the experience of banks in Meigs County in the extension of credit for broiler raising and other farming programs.

Belford P. Atkinson, executive manager of the OBA, followed with a comprehensive discussion of the accomplishments of organized banking in the field of agriculture. He traced in considerable detail the work of the Agricultural Committee of the Ohio association, and emphasized the tremendous contribution made by banks.

Everett D. Reese, chairman of the board of the Park National Bank of Newark, and past president of both the OBA and the American Bankers Association, delivered a major talk following the Thursday lunch. He traced the services of organized banking on the national scene, gave an insight into developments for the future, and expressed a belief that world welfare depends more and more upon the ability of individuals to work freely in finding the solutions to their problems. More intelligent farm credit, he stated, could bring many a marginal nation up to a prosperous level where it could and would retain its independence from outside influence.

A brief talk was given by Robert Will, president of the Vinton County National Bank, of McArthur. With his usual forthrightness, Mr. Will pointed out many of the imperfections still existing in our own banking and farm credit structure, and urged the Ohio bankers in his audience to do an even more capable job in the future.

Final item on the Thursday program was a panel discussion led by Robert Miller, farm program director of Station WLW, Cincinnati.

It was quite a day—and quite a week.

And every banker who attended one of the sessions or had a chance to visit individually with these young men (and the charming Miss Almeida) were deeply impressed by their intense and very intelligent interest.

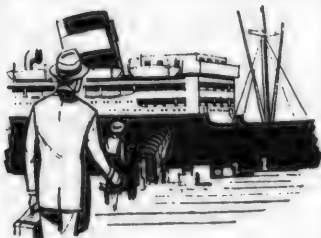
Walking is good exercise if you can dodge those who aren't.

CASE NO. **19688**

An Authentic Case History From American Express Files



Mr. Scott purchases Travelers Cheques before going on vacation.



He happily boards ship for cruise sailing from New Orleans.



Mr. Scott discovers loss of Travelers Cheques aboard ship.



Loss immediately reported by radiogram to American Express office in New Orleans.



New Orleans wires Havana office authorizing refund.



Mr. Scott has full refund waiting on ship's arrival in Havana.

Before leaving for a long-planned holiday cruise aboard the S. S. ITALIA sailing from New Orleans, Mr. Gerald R. Scott* purchased \$700.00 in Travelers Cheques at the suggestion of his bank in Minneapolis, Minnesota. The ITALIA was well at sea when Mr. Scott discovered that his whole vacation fund in Travelers Cheques had been lost in New Orleans. A radiogram was immediately sent from the ship to the American Express Office in New Orleans reporting the loss. The New Orleans Office checked the ITALIA's itinerary, and finding that Havana was the first port of call, authorized the American Express Office there to make an on-the-spot refund to Mr. Scott on the ship's arrival.

Mr. Scott was able to continue his vacation as planned. He had lost neither time nor vacation funds . . . and his bank had retained the good will of a valued customer.

This year, more and more of your customers will be traveling. Make sure they get the most for their money . . . American Express Travelers Cheques.

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Today's bankers realize drive-in banking is more than a reluctant concession to some retail customers. Properly planned, it can be a dynamic factor in attracting new volume...like accounts of large businesses to whom time-saving convenience is essential.

Whether you need a complete new motor banking unit, or drive-in facilities added to present quarters, your project requires the talent and attention of an organization *specializing* in this work. Planning should be based on an analyzation of your bank's operation and its needs...so that the final design can consider both current and long-range objectives. In other words...to be successful...your drive-in facilities must be *tailored* to your particular bank.

Now, before project decisions are formulated, take advantage of our specialized pre-planning counsel. There is no obligation, and it may save you much time and money...as it has for so many thousands of bankers throughout the nation. May we help you?



Gentilly Branch, Hibernia National Bank, New Orleans—planned for specific needs on an island strip 50' x 285' between two traffic arteries. Narrow building has two drive-in, two walk-in stations, will expand to rear of lot as business increases.

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We invite you to visit us in St. Louis. Take a trip through our plant...see how the world's largest organization of financial quarters specialists carries a project through from preliminary planning to final completion.



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NAME.....

TITLE.....

BANK.....

CITY AND STATE.....

456

Banking Study

(CONTINUED FROM PAGE 34)

subjects that will be covered. However, matters to be considered would properly include the following:

- (1) Restrictions on bank loans and investments.
- (2) Regulation of bank holding companies, chain banking, and branch banking.
- (3) Regulation of bank mergers.
- (4) Adequacy of deposit insurance reserves.
- (5) Adequacy of bank examina-

tions and the possibility of annual audits.

(6) Competitive relationship of national and state banks.

(7) Advantages and disadvantages of membership in the Federal Reserve System.

It will be necessary also to examine the relationship of banking legislation to the laws concerning Federal savings and loan associations and credit unions. The growth of the Federal savings and loan associations since the enactment of the Home Owners' Loan Act of 1933 has been phenomenal. It is impor-

tant that we review this statute and the savings and loan insurance law in light of problems such as:

- (1) regulation of savings and loan branches, holding companies, and mergers;
- (2) conversion of savings and loan associations into state chartered stock companies;
- (3) adequacy of examinations by the Federal Home Loan Bank Board;
- (4) reserve requirements of savings and loans;
- (5) restrictions on loans and investments by savings and loan associations; and
- (6) competitive relationship of savings and loan associations and banks.

Similarly, the Federal Credit Union Act of 1935 provided an important innovation in financing. The rapid growth of Federal credit unions raises questions as to

- (1) adequacy of supervision and frequency of examination;
- (2) insurance of credit union accounts; and
- (3) relationship of state and federally chartered credit unions.

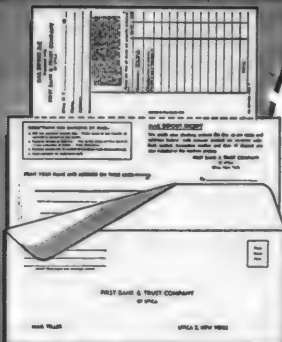
I wish to emphasize that this listing of various topics is given merely to illustrate the type of questions to be considered and is not intended to encompass the entire field of inquiry by the committee. I am sure that we shall receive recommendations on many additional subjects from interested Government agencies and from representatives of financial institutions.

On July 16, 1956, I introduced, with Senators Fulbright, Bricker, and Bennett, Senate Resolution 313, authorizing a study of our laws relating to financial institutions and credit. The resolution has served to call attention to the need for a study of this nature. However, since we were then in the closing days of the session, it was not possible to have the resolution passed by the Senate before adjournment.

Therefore, we shall proceed with this study under the authority of Senate Resolution 155, which was passed by the Senate last February. This resolution authorizes the Banking and Currency Committee or any duly authorized subcommittee to investigate and study all matters within the jurisdiction of the committee. The resolution provides ample authority and funds to con-

(CONTINUED ON PAGE 148)

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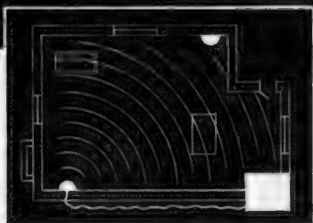
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(CONTINUED FROM PAGE 146)

duct the study I envision until the 85th Congress meets next January.

I have designated Donald L. Rogers, counsel to the committee, to head the staff of this inquiry. Mr. Rogers, with the cooperation of the Federal agencies and the industry representatives, will begin immediately to assemble the necessary background information. The Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the Department of Health, Education, and Welfare (credit unions) will be requested to make a section by section analysis of all statutes governing financial institutions within their jurisdiction and to make appropriate recommendations.

Advisory Committee

Within the next few weeks, I shall announce the names of the experts on banking, credit, and finance who will serve on the advisory committee for the study. The advisory committee will play an extremely important part in this inquiry. One of the committee's functions will be to advise us of the merits of the various proposals that are presented and to formulate recommendations for appropriate legislation.

Later this fall, we expect to hold public hearings in Washington to receive the testimony of the various Federal agencies. Additional hearings will be held in the financial centers of the country, such as New York City, Chicago, San Francisco, Atlanta, etc., to receive the views of the industry representatives in those areas.

We are embarking on the study with one paramount purpose in mind—to bring the Federal statutes up to date so that financial institutions may better meet the present-day financial and credit needs of the people of our country. I shall welcome the views of all interested individuals and organizations.

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IFC in Operation

EUGENE R. BLACK, president of the World Bank, announced on July 25 the formation of the International Finance Corporation and the appointment by its board of directors of Robert L. Garner to be president of the corporation. IFC is now established as an affiliate of the World Bank, with the purpose of encouraging the growth of productive private enterprise, particularly in the less developed areas of the world. Mr. Black made his announcement in his capacity as chairman of the board of directors of the corporation.

Mr. Garner has been vice-president of the World Bank since 1947 and has resigned from that position to assume the presidency of IFC. For four years before coming to the Bank, he was financial vice-president and director of General Foods Corporation and for many years before that had been associated with the Guaranty Trust Company of New York, serving finally as vice-president and treasurer.

Mr. Garner has appointed J. G. Beever to be vice-president of IFC, Richard H. Demuth to be assistant to the president, and Davidson Sommers to be general counsel. Mr. Beever has been engaged in preparatory work on the organization of IFC since March 1956, when he was released from his position as managing director of the Commonwealth Development Finance Company Limited of London to join the staff of the World Bank. Mr. Demuth is director of the Bank's technical assistance and liaison staff, and Mr. Sommers is the Bank's general counsel. Both Mr. Demuth and Mr. Sommers have been associated with the Bank since 1946 and will continue to hold their positions in the Bank while serving with IFC.

The corporation is beginning its operations with 31 member countries and capital subscriptions amounting to \$78,366,000. IFC's articles of agreement stipulate that the new institution would come into existence when at least 30 countries had subscribed at least \$75,000,000 of the authorized capital of \$100,000,000. These requirements were met when France and Germany took final action for membership on July 20.

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FDIC Assessment

(CONTINUED FROM PAGE 49)

leave the FDIC amply protected in the event deposit insurance losses should increase substantially in the future. Insurance losses for which provision is made each year by the Corporation, along with its operating expenses, are deducted from total assessments due in determining the "net assessment income" to which the percentage of the annual credit given insured banks is applied. This credit would be automatically reduced or eliminated altogether whenever deposit insurance losses increase.

Even with a 100% net assessment income credit, the Deposit Insurance Fund would continue to grow through the addition to it of the investment income of the FDIC each year.

An increase in the net assessment income credit to 100% would have reduced the cost of deposit insurance to insured banks by \$57,000,000 in 1955, and would bring even larger savings to insured banks in future years as the deposit total rises.

Twofold Contribution

A reduction of this magnitude in the cost of insurance would make a twofold contribution to building up the strength of insured banks.

First, it would increase net current earnings of all insured banks and so permit them to make larger annual additions to undivided profits, and eventually to surplus, out of earnings.

Second, larger net current earnings would strengthen the ability of insured commercial banks to raise new capital by the sale of stock.

An increase in the credit allowed insured banks to 100% of the "net assessment income" of the FDIC, a step justified by the loss experience of the Corporation, would thus contribute to the highly desirable basic objective of further strengthening the capital position of our banking system.

Funds for Fun

In checking over our bank account
As vacation time draws near,
We find we have a little less
Than we didn't have last year.

Mortgage Credit News

(CONTINUED FROM PAGE 104)

ernment will provide the balance.

(2) After two years states must share the insurance subsidy with the Government.

(3) Private insuring companies may be reinsured by FFIA.

(4) Maximum insurable limit is \$250,000, with a limit on one dwelling of \$10,000.

(5) Deductible limits of the first \$100 and 5% of the remainder are established.

(6) Total insurance authorization is \$3-billion, with an additional \$2-billion at the President's discretion.

(7) A fund of \$2.5-billion to guarantee private lenders against loss for restoring damaged property is provided. Direct loans may be made at not over 4% where private loans are not available.

New Housing Starts

NONFARM housing starts (private and public) during the first seven months of 1956 by comparison with the same period of 1955:

1955	1956
818,100	670,900

Starts during July 1956 totaled 101,000 which compares with 122,700 in July 1955. On the basis of the July figures, the seasonally adjusted annual rate of private starts is 1,070,000.

One-Family Homes Record

CONSTRUCTION of single-family homes set a new, all-time record in 1955 by accounting for more than 90% of the 1,328,000 housing starts. This is an 11% increase in one-family units over 1954.

The rising popularity of one-family dwellings is attributed partly to higher incomes, larger families, and a desire for more comfortable family living.

Lumber Selection Circular

THE Small Homes Council of the University of Illinois has issued a circular (Index D7.0) on the "Selecting of Lumber." It includes data on lumber quality, grain, defects, moisture content, decay and stain, buying, size, types, pattern, and grades. It also contains a "Guide for Selecting Lumber."



This plywood exhibit was a section of a home modernization promotion exhibit in the lobby of the First & Merchants National Bank, Richmond, Va. "Not only inquiries in rather substantial numbers came to us from both men and women, but a considerable pick-up resulted in actual loans for modernizations during the exhibit," reports Assistant Cashier Charles R. Talley

GI Loan Program Extended

The 84th Congress passed a bill at the close of the session extending the VA home loan guaranty program beyond its present expiration date of July 25, 1957.

Under the measure's terms, veterans may file certificates of reasonable value, the major requirement

for first obtaining loan approval, up to July 25, 1958, and the VA may complete processing of all loans up to July 25, 1959.

In the 12 years that the GI loan plan has been in operation, 4,466,000 veterans have borrowed \$33.2-billion to purchase homes, farms, and businesses. Of that amount, the VA has guaranteed or insured \$17.9-billion.

News for Trustmen

(CONTINUED FROM PAGE 106)

business that they have, but how to get business to administer.

While the head of a small trust department is confronted with many headaches such as men in large departments do not have, the work is full of satisfaction. Such a trust officer has personal relations with all kinds of people, and monotony is unheard of. I have always maintained that we should never refuse an appointment solely because it presents difficulties and will mean hard work. I feel that our justification for existence is to perform a service that is needed in the community, and that if we can properly perform such service, our economic record will follow in due course.

Tuition Trust Helps 30

ASCHOLARSHIP tuition fund set up under the will of the late Walter B. Williams, Dallas banker and business leader, will make it possible for 30 students to attend

Southern Methodist University during the coming school year as initial beneficiaries of the trust, for which First National Bank in Dallas is trustee.

Thereafter it is anticipated that income accruing from the trust fund will provide for the awarding of about eight scholarships yearly, it was announced by Ben H. Wooten, First National president.

Named the Walter B. and Margaret M. Williams Scholarship in memory of the donor and his wife, the award pays for a full year's tuition at S.M.U., plus an allowance for books and supplies. Factors considered in the selection of recipients of the scholarship include "high scholastic attainment and a demonstration of those characteristics and qualities essential to good citizenship."

Mr. Williams, who died February 1, 1953, was president of the Texas Bank and Trust Company of Dallas during its early days. He also served as president of Central Industries of Dallas and as an official of Higginbotham-Baily Company, Dallas wholesaling firm.

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College Men as Bank Examiners

Pennsylvania's New Training Program Aims at Producing Bank Executives, Too

A PROGRAM for recruiting and training young college men as bank examiners in Pennsylvania has been started by that state's Department of Banking in cooperation with the Pennsylvania Bankers Association.

Secretary of Banking Robert L. Myers, Jr., said that six men who were graduated from six Pennsylvania colleges this year had been selected for the program. After a 2-week period of orientation in the Department's Harrisburg office, they were placed in banks throughout the state for a 21-week course in the fundamentals of bank operations and procedures.

"When their bank assignments are completed," said an announcement from the office of Governor George

M. Leader, "the men will be incorporated into the examining force of the Department, where their training will be continued."

But the program has even broader significance, as the announcement went on to explain:

"Impressed by the fact that the lack of competent successor management personnel is a serious problem of many banks in Pennsylvania, Mr. Myers inaugurated this recruiting and training program as a means of overcoming this hazard to the strength of the banking structure of the state, as well as strengthening the bank examination program of the Department. Bank examination has been long recognized as an excellent training program for bank

(CONTINUED ON PAGE 154)

Here is Pennsylvania's first trainee examiner group. Reading clockwise around the table are Trainees Charles W. Bunce, Jr., Eric, and Thomas M. Desch, Harrisburg; Training Director Joseph J. Dickerson; Secretary of Banking Robert L. Myers, Jr.; Governor George M. Leader; Deputy Secretary of Banking Frank W. Poe; Trainees Alexander J. Laffey, Jr., Wilkes-Barre; Edward J. Painter, Grove City; Lawrence G. Stoner, New Castle; and George M. Yeager, Reading





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Mr. Harris works with our correspondent banks in this important task by making available a system of portfolio analysis developed by the head of our Invest-

ment Department, Mr. Brian Reuter, and his staff. Based on years of experience in this field, the system can be profitably applied by any bank. And, because it is our basic belief that our correspondent bank relationships should—and can—go beyond the routine, Mr. Harris always welcomes the opportunity to tell you about this system, to discuss your investment policies and advise you on the current bond market.

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TIMES HAVE CHANGED

Time was when the ordering of a large quantity of lithographed bank checks was a major expenditure for the bank and a most important sale for the bank stationer. Despite its importance to both buyer and seller, the transaction was comparatively simple because there was involved merely one order, one shipment, one check in payment.

Today this same order is likely to be split up into ten thousand orders of one hundred checks each. Ten thousand shipments to as many individuals. Ten thousand orders to be made out by the bank and executed by the printer. More work for everyone. More opportunity for error. Higher cost for the buyer and, of course, more revenue for the printer.

Obviously, when people assume higher cost and more work there must be an offsetting saving some place along the line. In this instance, the saving is in check handling because all these little orders are

personalized to speed up visual and manual check processing, and soon they may be encoded as well to permit mechanized check processing. Regardless of whether the bank proposes to continue its manual methods or ultimately go to mechanized methods, it is now apparent that the printed name on a check, or a printed account number, pays off in time saved and improved accuracy.

It certainly does change the habits of the printer, because now the lithography becomes incidental while typesetting and packaging become vitally important. Fortunately, we here at DeLuxe have been alert to this change for the past twenty years so we believe that we are better qualified to adjust to it. If, therefore, your bank is contemplating the "big switch" to printed names on checks, or if you are planning on mechanized handling involving codes, we think we can do a job for you and do it well.

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(CONTINUED FROM PAGE 152)

executives. Mr. Myers hopes it will be possible to make available to the banking industry of the state men who have had sound training and experience as bank examiners."

The banks selected by a committee of the PBA to participate in the training this year are: The Commonwealth Trust Company, Pittsburgh; Potter Bank and Trust Company, Pittsburgh; Lawrence Savings and Trust Company, New Castle; First National Bank, Lebanon; The Peoples National Bank of Norristown; and Lemoyne Trust Company.

The first trainees are: Thomas M. Desch, Penn State; Lawrence G. Stoner, Westminster College; Charles W. Bunce, Jr., University of Pittsburgh; George M. Yeager, Albright; Edward J. Painter, Grove City College; and Alexander J. Laffey, Jr., Franklin & Marshall.

PBA Outlines Training

The Pennsylvania Bankers Association worked out a procedure for the young men's training. The program is limited to orienting the trainee in the nature and purposes of a bank and to giving him a working knowledge of a bank's important operations. The main objective is to provide an opportunity for the prospective examiner to become familiar with what each department of a bank does, its methods, and its relationships to the other departments.

The committee of the association which shared responsibility with Banking Department staff members for developing the project is headed by T. Allen Glenn, Jr., president, The Peoples National Bank of Norristown. Other members are: Raymond R. Stoner, comptroller, The Dauphin Deposit Trust Company, Harrisburg; Charles H. Zimmerman, vice-president, The Capital Bank and Trust Company of Harrisburg; and Charles H. McLean, president, The First National Bank and Trust Company of Bethlehem. Cooperating with the committee are Robert N. Hilkert, vice-president, and Joseph R. Campbell, assistant vice-president, Federal Reserve Bank of Philadelphia.

Secretary Myers first outlined the program soon after taking office as head of the Department early last year. The training program for all examiners is under the direction of Joseph Dickerson, who recently joined the staff of the Department as training supervisor.

HOW BUSINESSES CAN CHOOSE

The Most Appropriate Fiscal Year

THE possible advantages to many companies in choosing a fiscal year other than the calendar year are outlined briefly in a pamphlet called *Do You Close Your Books on New Year's Eve?*

The pamphlet and a list of suggested closing dates for various industries are the work of the Natural Business Year Committee of the American Institute of Accountants.

The Yearend Habit

The background of the December 31 "habit" is described by the committee:

"December 31 is an inconvenient date, in more ways than one, for the closing of a company's fiscal year. Many businesses are in the midst of a busy season. Various reports must be prepared for filing with Government agencies in January. The auditors are certain to be under the pressure of other engagements for clients who use the calendar year.

"Why then, do so many companies still have fiscal years ending on December 31?

"Historically, this is a fairly recent habit. Italian merchants of the Fifteenth Century closed their books at the end of each trading venture or whenever the pages were filled. Annual closings were not customary until the Nineteenth Century. The widespread use of the calendar year for corporation accounts in the United States was brought about by requirements of the excise tax law of 1909. Although the tax law has been changed, the calendar year habit has remained."

"Natural Business Year"

However, there is generally an annual cycle of activity which ends when inventories, receivables, and loans from banks are at their lowest point. This is called the "natural business year" of the company.

The committee gives six advantages of the natural business year:

"(1) Your inventory can be taken when it is lowest and when your employees are least busy.

"(2) Your balance sheet will show your most liquid position—always a help in getting bank credit.

"(3) Your income statement will show results of operations during an actual cycle of your business—rather than a mixture of the end of one season and the beginning of another.

"(4) You will have your financial statements for each year at the time you need them for planning the following year.

"(5) Your tax returns will show smaller amounts for inventories, reducing the area of possible dispute with the Government.

"(6) Your certified public accountants will be able to render service to you more effectively when they are not in the midst of calendar-year auditing."

There are tax considerations to be taken into account when choosing a closing date.

"To gain all the advantages of using your natural business year," the A.I.A. committee says, "you will want to apply it to your tax returns, too. A regulation issued by the Internal Revenue Service in

1954 lets you do this *without advance permission* if you haven't changed your tax year in the previous five years, if you are changing to a fiscal year which ends within three months before or after the close of your present tax year, and if you meet certain other technical requirements. However, a *partnership* may not adopt or change to a tax year other than that of all its principal partners, *unless* the Government is satisfied that there is a business purpose in adopting some other year.

"State tax authorities will generally give permission for a change of fiscal year that is approved by the Federal Government.

"Interim returns must be filed with the Internal Revenue Service (and with state taxing authorities where applicable) for the period from the end of the present tax year until the beginning of the new fiscal year."

Companies contemplating a change to a natural business year may have to amend corporate bylaws. Tax regulations must be observed, and in some cases SEC requirements must be met. It is wise to consult the firm's attorneys and accountants.

Convention Registration

AGAIN this year, **BANKING**, Journal of The American Bankers Association, will publish in the pre-A.B.A. Convention Issue a list of the advance registrations received up to publication time. This advance list will appear in the October issue and will post you on the attendance of delegates some three weeks in advance of the release of the regular registration booklet.

If you would like your name to appear in this roster, just return the completed registration form in the regular manner by **September 7**—closing date of the October issue of **BANKING**.

Home Mortgages

(CONTINUED FROM PAGE 39)

billion of loans to other investors. Consumer debt increased \$6.1-billion, as compared to \$0.5-billion in 1954. Business construction increased \$20.8-billion, as compared to \$2-billion in 1954. Nonfarm mortgage debt increased \$16.3-billion, as compared to \$12-billion in 1954. In addition to this, state and local government debt increased approximately \$1-billion. During this same period, the total deposits of New

York City banks dropped from \$28.2-billion to \$26-billion.

One very prominent life insurance company executive has said that home building credit expanded in the year 1955 beyond a sustainable rate. He pointed out that this was accomplished by very heavy use of commercial bank credit in interim construction loans, warehouse loans, and standby commitments. He indicated that in his opinion the problem created by this movement could become very severe if it were continued at any such rate as it did in the year 1955.

The question of whether or not nonfarm mortgage debt may possibly become overextended is a subject debated by many of the experts in this field. It occurred to me that perhaps one measure that might be used is to relate the volume of this debt to the disposable personal income. Reviewing these figures, we find the following:

Comparison of Nonfarm Mortgage Debt With Disposable Personal Income (\$ Billion)

	Mortgage Debt	Disposable Income	%
1929	\$ 19	\$ 83	23
1932	17	49	34
1940	17	76	23
1945	18	150	12
1950	45	206	22
1955	89	269	33

Another possible means of comparison would be to relate nonfarm mortgage debt to the liquid savings. The review of these figures shows the following:

Comparison of Nonfarm Mortgage Debt with Liquid Savings (\$ Billion)

	Mortgage Debt	Liquid Savings	%
1929	\$ 19	\$ 47	40
1932	17	28	59
1940	17	34	50
1945	18	136	14
1950	45	175	26
1955	89	232	38

I think everyone will concede that perhaps the largest factor in the extremely rapid rate of growth of mortgage lending for homes has been the very easy terms provided in FHA and GI financing. There are some who say that these terms may possibly have overstimulated building. Certainly the comparison of this debt with disposable personal income and liquid savings indicates that it has reached proportions very much higher than existed at any time during the past 10 years, and in the comparison with disposable personal income the ratio has been exceeded only once during this era — in 1932 and 1933, during the depths of the depression when disposable income was at a minimum. However, this by no means is con-

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clusive that the ratio of debt is unsound. The type of debt today varies from that of the Thirties, and the monthly payment loan has become standard. Nevertheless, all debt is reaching a pretty high point and merits serious consideration as to the pattern for the future. There has not been enough credit to supply funds for the very high level of construction and all other demands for credit, such as purchase of inventory by business, plant construction, and consumer credit for such things as automobiles and appliances.

Extent of Availability

The recent rapid rate of growth of practically all forms of credit caused the Federal Reserve to study the situation closely and resulted in their action partially to restrain the flow of credit. We are told that the Federal Reserve believes that the credit should be freely available only to the extent that manpower and the supply of materials will sustain it. If it is available beyond that point, an excess demand for labor and materials develops and results in inflation and increased prices. Some of the money experts have said that, if the restraint of the Federal Reserve Board is to be effective, it must hurt a little in some places. In justifying its action, the Federal Reserve has said that the restraint which they initiated a short time ago has not led to any decrease in prices, but, on the contrary, that construction is still at a very high level and prices actually have increased.

I believe that the moment there

is any real indication that the situation in the money market is causing deflation, the Federal Reserve can and will move in quickly to ease credit. They have several means of doing this, some of which are direct and some of which are indirect. They can lower the rediscount rate, which will make it less expensive for banks to borrow from the Federal Reserve. They can lower reserve requirements for banks, which makes it possible for them to lend larger proportions of their deposits. They can buy Government securities through their Open Market Commit-

tee, which, at roughly a ratio of 5 to 1, increases the money supply available to banks for lending purposes.

Governor Sproul, since his resignation from the Federal Reserve Bank of New York, points out that the predominant trend of prices during the past few years, exclusive of farm products, has been upward. This has caused a strain on the existing money supply in some instances. Capital demands in the recent past tended to outrun the available source of credit, which comes from the savings of the people. The Federal Reserve Board is



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charged with the responsibility of holding this situation in a condition of delicate balance. It has not avoided action which would supply money for necessary bank credit. But at the same time it has attempted to prevent conditions that would make money so easy and cheap that expansion would result beyond our physical capacity for a balanced growth.

Clear-cut Influences

To sum up, we see we have rather clear-cut influences at work. The rate of savings has been declining. The dollar amount of debt and its relation to disposable personal income and to liquid savings has been increasing steadily and for quite a period of time. There is increased competition for the money which is available, and this has forced rates of interest upward, resulting in a much higher degree of selectivity of investments chosen. Prices are still high and show indication of a continued rise. Business activity continues at a very high level and this sustains a heavy demand for credit. Until this shows some indication of change, the Federal Reserve probably will not change its present position substantially.

I believe all of this indicates that in the foreseeable future the pressure on the mortgage market will not be relaxed. I believe that we will see continued strong competition for the credit which is available, at least for a reasonable period of time. Nevertheless, present volume of activity and available credit are very high in comparison with long-range averages. There is ample evidence that credit is and will continue to be available for worthwhile, productive, and noninflationary projects. Competition for credit will remain keen, and quality will more than ever be the determining factor in the market of today.

A swelled head is always an empty one expanded.

It doesn't pay to tell your son that most great men have forgotten all they knew about algebra.

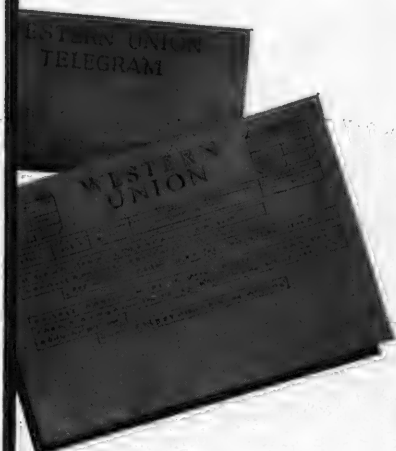
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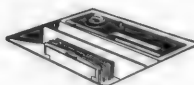
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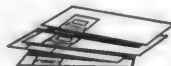
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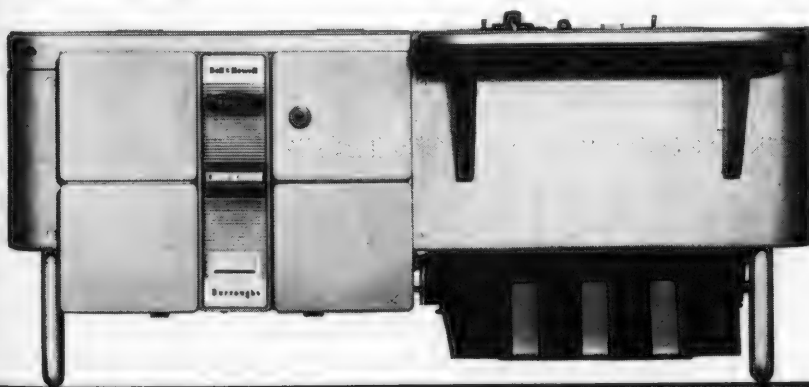
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New Books

SEC ACCOUNTING PRACTICE AND PROCEDURE. By *Louis H. Rappaport*. Ronald Press Co., New York. 556 pp. \$15. A comprehensive explanation of the provisions of the Securities Acts as well as the reporting requirements and procedures involved in the Securities and Exchange Commission's review of registration statements, prospectuses, proxy statements, and other documents containing financial data. Describes in detail what must be done in a particular filing, suggests both the problem and its solution, with examples taken from actual cases.

OCEAN CARRIAGE. By *Edward F. Stevens*. Philosophical Library, New York, 101 pp. \$4.75. Deals with the mechanics of the operations involved in the carriage of goods by sea. Written by an Englishman, it covers primarily applicable United Kingdom law, but will be of interest to anyone in this country concerned with the legal responsibilities inherent in the various aspects of ocean shipping.

FEDERAL ESTATE AND GIFT TAXES EXPLAINED. 1956 Edition. Commerce Clearing House, Inc., Chicago, Illinois, 288 pp. \$3. Designed for those concerned with estate or gift tax matters under the 1954 Internal Revenue Code. Endeavors, in brief, to simplify the task of keeping taxes at legal lows through effective estate planning. Contains sample schedules to illustrate methods used in filling in the various schedules which appear in the official return forms, and special tables demonstrating the actual effect of various courses of action in estate planning.

THE LEGAL QUALITIES OF MONEY. By *Arthur Kemp*. Pageant Press, Inc., New York City. 181 pp. \$5. A study of one of the basic aspects of money—its legal qualities. It deals with three distinct concepts of the qualities of money—legal tender, lawful money, and money receivable (CONTINUED ON PAGE 164)



they meet



they talk



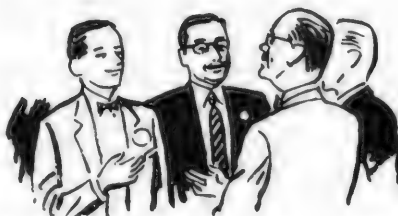
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they listen



they work



they learn



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for specified purposes. The author, who strongly believes in the gold coin standard, presents an historical review of his subject. Points out what he considers flaws or inconsistencies in the present monetary and banking structure, and presents specific recommendations to correct them.

APPRAISAL AND MANAGEMENT OF SECURITIES. By *Douglas A. Hayes*. Macmillan, New York. 377 pp. \$6. A professor of finance at the University of Michigan emphasizes the significance of investment techniques, rather than the techniques themselves, with a view to developing the investor's critical abilities. Investment analysis, he points out, "essentially deals with clues to the future." He discusses quantitative and qualitative appraisal of investment characteristics, determination of investment standards and values for fixed-income securities and common stocks, and devotes a section to portfolio management.

THE FEDERAL CREDIT UNION.: POLICY AND PRACTICE. By *John T. Croteau*. Harper, New York. 201 pp. \$4. "The first complete study of how this unique institution serves the credit and financial needs of thousands of neighbor groups across the country."

CANADA LOOKS AHEAD. By *Grace Laugharne*. Royal Institute of International Affairs, New York. 156 pp. \$2.25. This survey of Canada's boom concludes that it is firmly based and likely to continue. "Canada has all the essentials for a developing and prosperous economy," the author asserts.

THE CHANGING ENVIRONMENT OF INTERNATIONAL RELATIONS. The Brookings Institution, Washington. D. C. 149 pp. \$2.50. The six Brookings lectures for 1956, exploring selected aspects of the world situation now confronting the United States.

BIBLIOGRAPHY OF FREE AND IN-EXPENSIVE MATERIALS FOR ECONOMIC EDUCATION. Joint Council on Economic Education, New York. 48 pp. 50 cents. Primarily a guide for teachers to material readily available for classroom use.



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The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 33)

in the cold war, or whatever name some genius attaches to the fight that is just starting.

Some feel that the good business which now seems assured the rest of the year is sound and healthy. Others believe it is dangerously inflationary, and among the latter are public officials whose opinions deserve the utmost respect.

This difference of opinion has existed for a long time, but it is especially important now. The boom is again gathering strength and so is the political pressure against those who would try to keep it under control.

We are evidently at the beginning of the greatest economic contest in history, and inflation is the unguided missile most to be feared.

Most publicly expressed opinions by officials of the Government are optimistic. Here, for example, are a few bouncy words by Secretary Weeks:

"The outlook is bright for a fresh bounce in business and high employment during the rest of the year. The prospect is a top-notch summer and fall . . .

"Public confidence in a good future is very strong and it is based on solid facts . . .

"When—as now—widespread confidence is combined with accelerated production, increased spending power and sound practices by government and private industry, it can hardly fail to spell healthy prosperity."

However, when people talk with their heads close together over coffee and cigars they discuss problems of the future that loom rather seriously.

Our competition is not just Russia, or even mainly Russia, but includes Germany and Japan, and inflation could price us right out of the world market. We have had two destructive world wars, but there have been many world business wars. This one could raise living standards throughout the world and change the face of civilization, unless business is scared to death by Nasserism in its various forms.

Statistically Promising

At the beginning of this year the bolder forecasters said that our gross national product would pass \$400-billion annually before 1957. By midyear the annual rate was \$408-billion, compared with a record total of \$390-billion in 1955. This occurred in spite of the decline in two basic industries, automotive and housing, and a strike in the steel industry.

Personal income is at the annual rate of about \$324-billion and going up. This is 7% above last year.

Employment is at a record 66,600,000. With the cost-of-living index rising about a half million, factory workers are receiving automatic wage increases provided in their contracts. The steel workers' new contract will add something more than \$1,320,000,000 to the industry's labor costs and boost the cost of steel around \$12 a ton. This means higher retail prices for all consumer products containing steel and the whole deal is likely to set a pattern for similar rises in labor costs in other leading industries.

During the first half of this year corporate financ-

ing through the issuance of securities exceeded last year by a good margin. Most of it was for industrial expansion and public utilities and some of the unusual volume was, of course, due to the big offerings of Ford stock last January. Bank loans have been moving upward rather steadily, and bank investments have been liquidated in volume to meet the needs of borrowers.

All this has been accompanied by the largest volume of consumer spending in history. For example, in the second quarter—April, May, and June—consumer spending for goods and services of all kinds reached \$132,700,000,000 or about \$7,500,000,000 more than in the same quarter last year.

The whole record of consumer spending in the last four and one-half years shows a steady rise, with the exception of the last quarter of 1953, when there was a slight drop.

Along with this the figures for net saving, both in total volume and percentage of disposable income, have been higher than last year.

Almost all available figures tell the same story and show that the monetary authorities had good ground several months ago for deciding that inflation was the thing to guard against even if tighter credit seemed to hurt the housing and automotive industries.

The thing that bothers those responsible for maintaining dollar stability is the inadequacy of the tools in the face of a Government spending program that is almost out of control. In Washington the appropriations people, the budget people, and the taxing people work almost in separate compartments.

The spending program will never be under control until these three groups get together and work together. Every effort to bring this about by legislation has met with opposition from those who do not want to lose their precious prerogatives.

WILLIAM R. KUHN

THE FAMILY DOLLAR

FOR FALL 1956



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FALL 1956



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- EDUCATION FOR THE CHILDREN
- A NEW CAR
- TRAVEL
- BUYING A FARM
- A TELEVISION SET
- NEW FURNITURE
- HOME APPLIANCES
- REPAIRS OF THE HOME
- BUSINESS VENTURE
- A SECURE OLD AGE
- OTHERS

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5.00	250	500	750	1000
10.00	500	1000	1500	2000
20.00	1000	2000	3000	4000

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How Much Money Should You Save?

MOST OF US earn our livelihood on a weekly or monthly basis. We use this money to pay regular expenses, and hope that we will have something left over. If there is no surplus, the sensible ones among us try either to cut down expenses or increase our income. For we understand that only through the accumulation of a surplus will we ever be able to reach the goals that every family sets for itself.

None of your goals are impossible so long as you go about them logically. One way would be to take the money left over from your pay check and put it in the cookie jar in the kitchen closet. How much more sensible it is, though, to take advantage of the savings facilities that a bank makes available to you. For, in addition to keeping this extra money of yours safe for whenever you happen to need it, most banks will pay you dividends or interest on it. And this is usually of the compound variety — that is, it is figured not only on the original sum of money deposited but also on the interest or dividends added to it.

How It Works . . .

How do people ever manage to have as much as a thousand dollars or more in the bank at one time? We can tell you. Most of them save *systematically* — just small amounts, but deposited regularly. Study the chart in the next column. See how systematic savings grow.

There's no fixed answer to that question, for each family has distinct needs and a distinct philosophy of living and spending. However, if you are puzzled by this question, the officials of your bank will be happy to help you figure out a sound budget for yourself, allowing a reasonable amount for savings. They can assist you in determining the most economical way of achieving any of your goals.

In addition, they will explain to you the value of keeping at all times a small emergency fund at your bank. Such a fund will tide you over in the event of unexpected expenses, such as a sudden illness or an automobile accident, or if someone in the family loses his job, so that you won't be forced to go into debt. Most budget experts suggest that, if you can, you keep at least three months' income in such a fund. That is, if you earn \$100 a week, your emergency fund should amount to about \$1,200.

Your bank knows, through the experience of many families like yours, that the easiest way to accumulate money is to save regularly — every pay day.

If you feel, though, that you need some outside stimulus to keep you saving — and there are families like that — the bank can help you out there, too. For many banks have Christmas Clubs, vacation clubs, tax clubs, even all-purpose clubs. When you join, you sign a pledge card to save a certain sum each week for fifty weeks. The bank sends you a check with your savings just in time for you to carry out the purpose for which you were saving.

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Benjamin Franklin — Symbol of Saving

This wise and versatile man, who did so much to get our nation off on the right foot, has stirred Americans of every generation with such maxims as "*A penny saved is a penny earned*" and "*Money begets money and its offspring begets more.*" He was one of the few men of his day to understand the intricacies of money and banking. Thus, when his home colony of Pennsylvania was debating what to do about money, Franklin

wrote an authoritative pamphlet titled, "*A Modest Inquiry Into the Nature and Necessity of a Paper Currency.*" Shortly after, the Legislature authorized an issue of sound paper money. Now they needed someone to do the actual printing of the currency. And whom should they pick but that master craftsman of the printing trades — Benjamin Franklin?

When you want a new home

Though Americans always have been interested in better living, only now can we really call ourselves a nation of home-owners.

TODAY, for the first time in our history, more than half of us own the houses we live in. And the banks have played a very important role in this, showing millions of Americans just how home-owning could be financially feasible for them.

Truth is, it is the rare home-buyer who has available the full purchase price. Instead, he is faced with a problem of borrowing part of it. This means a mortgage — a loan for which a piece of real property is the security. And your bank probably is best equipped of any institution in the community to arrange such a loan for you.

Most bank mortgages are of the sensible modern type; that is, monthly payments are so arranged that they are equal in amount, and include principal as well as interest. The house is all yours, free and clear, after the last payment has been made. Often, too, your land taxes and insurance premiums are paid for, these costs being added to your monthly mortgage bill.

You Know Where You Stand

In this way you know exactly what your home will cost you on a monthly basis, and you can plan your budgeting accordingly. This cost depends on a number of factors: the purchase price of the house, how much of a down payment you make, the number of years it will take you to pay off the loan, and your own financial position.

If your house meets certain standards set by the Federal Housing Administration (FHA), this Government-operated agency will insure your mortgage, and you will pay 5 per cent interest on it. The prevailing rate on FHA-insured mortgages is $4\frac{1}{2}$ per cent, to which you have to add $\frac{1}{2}$ per cent for the insurance. Here is what your monthly mortgage payments will amount to when the interest is figured at 5 per cent:

Amount of Loan	10 years	15 years	20 years	25 years
\$6,000	\$63.64	\$47.45	\$39.60	\$35.08
8,000	84.86	63.27	52.80	46.77
10,000	106.07	79.08	66.00	58.46
12,000	127.28	94.90	79.20	70.12
14,000	148.50	110.72	92.40	81.85
16,000	169.71	126.53	105.60	93.54
18,000	190.92	142.35	118.80	105.23
20,000	212.14	158.16	132.00	116.92

Bank Will Check Value of House

Naturally the bank, like any sensible businessman, will want to make sure you are getting good value in your house before it agrees to lend you the money. Here are some of the matters the bank will look into — and they make up a pretty good check-list for you, too:

accessibility	restrictions
insurance and water rates	taxes
assessments	schools
land values	lot
neighborhood	appearance and
characteristics	architecture
public and utility services	floor plan

Bank's Interest Continues

Once you have bought your home through a bank-arranged mortgage, don't feel that your bank has lost interest in you and your housing. On the contrary, the bank is ready to help out any time you get to thinking about changes to improve your home.

Perhaps yours was a home bought in the shortage years. Maybe it's a prewar house, long on charm but short on modern improvements. Or perhaps your family simply has outgrown what seemed perfectly adequate a few years back. Whatever the reason, your bank is prepared to help you build a few rooms in the attic, finish off the cellar, add a porch or stairway, or do whatever seems reasonable in this understandable drive for *better living*.

There are three ways in which your bank may assist you:

1. *By giving you a personal loan. Your chances of getting such a loan are BEST if you have a steady income and a favorable credit record, and if you already own your home free and clear, without a mortgage.*

2. *The bank that originally lent you part of the purchase price may be willing to "open" this mortgage. That is, you may borrow the cost of the improvements and add that to what you still owe. Then you either would pay off the increased debt by a larger payment each month, or extend the number of months.*

3. *Or you may get a home-improvement loan, one that has nothing to do with any previous mortgage you may have.*

A million homes a year are being built these days, and there are still many, many Americans who do not know first-hand the thrill of owning their own homes. If you are among them, or if you are in your own home and want to improve yourself, your bank can show you how to make your family's housing dreams come true.



Greener Beyond the Next Hill

This desire for better living undoubtedly has been responsible for the great physical growth of the United States. Our restless and ambitious ancestors constantly were heeding reports of greener grass just beyond the next hill. Before the development of the railroads or the automobile, when roads were never more than an Indian trail and rarely even that, the covered wagon was the favorite method of transportation. Right along

with these traveling pioneers came the banks, for these early Americans realized that establishment of businesses was necessary if the new settlements were to be allowed to grow and prosper. And then, just as now, the banks provided businessmen with such necessities as loans, a system of transferring funds, and safe deposit facilities.



Mixing Business and Pleasure on the Erie Canal

Americans always have sought to enjoy the comforts and conveniences about them, and travel always has appealed particularly to us. We have become so accustomed to speed in transportation that it is hard for us to realize a day when there were no gleaming highways, crack railroad trains, luxurious ocean liners and swift airplanes. But our ancestors, even in the more leisurely days that preceded our own, were just

as quick as we are to take advantage of latest improvements. For example, the Erie Canal was opened in 1825 by farsighted businessmen to furnish water transportation between the Great Lakes and the Atlantic Ocean. Movement of freight was its prime purpose, but soon the good people of New York State were spending happy hours as they moved up and down its waters.



MANY ECONOMISTS BELIEVE that the incredibly high standard of living in the United States comes as a result of our development of buying on credit. This is how they reason: Credit allows us to buy things when we want them, and pay for them when we are able to. This brings about far greater demand for products of all kinds than would be the case if we had to pay cash for all transactions. Because of this great demand, we have developed the techniques of mass production. This in turn has cut prices, and allows Americans to own far more things than those filling comparable jobs in other countries.

Without credit, as reflected in home mortgages, most American families would be unable to own their homes. Without credit, many a family that now possesses a car and a television set would have to go without both. Because of new travel-credit plans, many more of us now can enjoy long vacation trips.

Banks Ready to Serve You

Your bank is open at all times to listen to any reasonable request you may have for funds that can help give you and your family some of these comforts and conveniences of modern life.

Other institutions within the community also are ready to lend you money, but the rate you will pay at your bank generally is the lowest in town. There are other advantages, too, in dealing with your bank. Co-makers usually are not needed, relieving you of the chore of persuading a relative or friend to endorse your note and become partly responsible for its payment. And once you pay off your loan you've established your credit standing, something that can come in handy in many ways.

Check with Loan Officer

If any of these comforts are on your family's list for the future, check with your bank's loan officers to see how regular convenient loan payments can make them possible:

travel	refrigerator
new furniture	radio
jewelry	freezer
new car	television set
new home	washing machine
modernize your present home	other

Loans are often made also to remove some financial pressure from you, giving you convenience of a negative sort. For example, you may have incurred some

inordinate household expenses or large medical or hospital bills, or perhaps your taxes hit you heavily. A bank loan to consolidate your debts often will help you out of what seems like a financial headache.

Banks Offer Two Types of Loans

Loans are of two general types: secured and unsecured. A secured loan is one where you pledge specific property to the bank as guarantee that you will repay it. High-grade stocks and bonds are commonly pledged this way; you continue to receive the dividends and interest from these securities even though the bank holds them for you.

In an unsecured loan, given after your financial standing has been cleared, you sign only a promissory note to repay it. Generally such a loan is limited to 15 per cent of your yearly salary. If you were earning \$10,000 a year, for example, you could borrow up to \$1,500 in this way.



*When
you want
comfort
and enjoyment*



When you need a safe deposit box

RECORDS OF EVERY SORT are important in modern life. They help in running a business, a school or church, even the Government. And they help, too, to run the family. Without records you wouldn't know the correct income tax to pay, what you have in your savings account, how much is still due on the mortgage. The wise family therefore should develop a system of sensible record-keeping that will have papers at hand whenever they are needed.

Offers Full Protection

Your bank is a great help to you in this. That's because the key to the success of such a program is a safe deposit box, which your bank is prepared to rent to you for a few dollars a year. Your box will fit into a steel vault that is protected against every hazard you can think of: fire, theft, flood, bombings, earthquake, moths, termites, rust.

The box is protected, too, from prying eyes. That goes even for employees of the bank. For there are two keys for every safe deposit box, and both are needed to open it. You keep one key, the bank the other. This means that the bank cannot get into your box unless you are on hand with your key.

With the exception of narcotics and explosives, the bank allows you to put anything you want into your safe deposit box. Just what should you keep there?

Many Items Can Go into a Box

Obviously there's no need to put into your safe deposit box every sales slip that comes into the house. Papers such as these can be kept in orderly fashion in a desk at home, then thrown out when they are no longer needed. You should keep the vault for the important papers — in addition, of course, to jewelry and rare stamps, and to items of sentimental value as family photos, personal letters, diplomas, and other keepsakes.

In trying to judge whether a particular document or article belongs in the vault, ask yourself these questions: Is it confidential? Is it difficult or impos-

sible to replace? Does it have a cash value? If the answer to any of them is yes — or even maybe — keep it in the vault.

*abstracts and deeds
adoption papers
agreements
armed service records
assignments
bills of sale
birth certificates
cancelled checks
certificates of deposit
citizenship papers
contracts
deposit books
income tax records
insurance policies*

*leases
marriage certificate
mortgages
notes
passports
patent papers
pension papers
receipts
stocks and bonds
social security cards
tax receipts
trust agreements
U. S. Savings Bonds
wills*

Keep an Inventory of Your Possessions

One important paper you may not think of is a complete inventory of all your possessions. In the event of fire, this inventory will be invaluable to you in determining the extent of your loss for insurance purposes. If you don't believe you need such an inventory, just try to jot down every item you now own, and see how incomplete a list you come up with. In preparing such an inventory, list for each item the date you bought it, the original cost, and its present value. Be sure to keep it in your safe deposit box.

You never know when you will have call for these important papers. Someone in the family is applying for a passport and needs his birth certificate. There's a question about last year's income tax. Or a loved one dies, and sudden expenses demand you get to the insurance policy without delay.

If you know they are all in your safe deposit box, ready for the moment you need them, you have purchased a lot of peace of mind with the few dollars the box cost you.



In Colonial Days the Banker Slept with One Eye on His Cash and Securities

Today's safe deposit vaults, as invulnerable to hazards as science can make them, are a far cry from the so-called strong box of Colonial days. It was the fashion of that era for the banker to occupy modest quarters above the bank, just as some small merchants even today live over their stores. At the close of the business day, the Colonial banker would stuff his currency

and securities into the box, and carry it with him as he mounted the stairs to his apartment. He never had the haunting worry that maybe he had forgotten to lock the front door of his bank. All he had to do was reach under the bed or peep into a closet to assure himself that all was well.



In the Old Days a Husband Got a Wife and a Dowry, Too!

At one period, nothing was more important to a father's financial scheme of things than to provide an adequate dowry for a daughter about to start a family of her own. The institution of the dowry may no longer be as popular as it once was. But even if the institution were entirely discarded, it would live in one charming story from our nation's past. This tells of the wedding of the daughter of John Hull, first mint

master of the Colony of Massachusetts Bay. For her proud father had promised that her dowry would be her weight in pine tree shillings. Immediately after the wedding, a great beam scale was brought into the Hull house and the promise was carried out. Brides before and since have cost their fathers more money, but in no instance did the paying over of the dowry have quite the same quaint and romantic setting.

When you want family security

ONE SATISFYING ASPECT of family life in the United States today is the extent of financial protection available, through Government and private agencies.

But no institution in the community is more interested in the security of your family than your bank, which is ready to help you achieve this in a wide variety of ways. All banks do not offer all services, but most banks do offer many of them. Here is a list of typical services:

Banking by Mail	Mortgage Loans
Cashier's Checks	Small Business Loans
Certificates of Deposit	Veteran Loans
Auto Loans	Safe Deposit Boxes
Collateral Loans	Thrift Accounts
Commercial Loans	Travelers Checks
Consumer Loans	Trust Services
Modernization and	Investments
Repair Loans	

Here are a few we'll pick out for special mention:

1. Advice. Possibly most important, you can always turn to your bank for advice — and that often goes for non-financial matters as well. Not only are your bank's officials constantly on hand for you, but they make it their business to keep up-to-the-minute on the complexities of our financial world. Here are some of the matters on which they are available with helpful suggestions:

social security	investments
life insurance	unemployment insurance
workmen's compensation	pensions
health insurance	miscellaneous insurance
annuities	others

2. Checking Account. This is a commercial bank service which saves you time and trouble by allowing you to use the mails safely to pay your bills, and you don't have to carry about with you any large sums of money. You have proof of payment should someone deny you have paid a bill. And keeping the family's

records — for a budget or any other purpose — is greatly simplified. If you deposit your income regularly in the bank, and pay all bills by check, you have a running account of what's happening to your family financially.

3. Business Aids. For the enterprising young man eager to build up a business for himself and his family, your bank offers help at every step of the way. You may need money for equipment or fixtures, or your business may be such that you require discounts. The bank is ready to lend the funds for promising enterprises. Once your business is under way, the bank will be a constant source of invaluable information — where to locate trained personnel, credit standing of customers and suppliers, evaluation of business conditions, appraisal of your own balance sheets and operating statements.

4. Investments. Your bank always has a lot to tell you about putting your extra money to work for you. Of course it has its thrift department, which provides a secure place for your money along with dividends or interest. But if you are in a financial position to invest some funds with the hope of greater return for yourself and your family, your bank offers valuable data on securities, real estate, commodities, mortgages, and business investments.

5. Trust Services. In developing a plan so that your estate will be passed on to your family with a minimum of shrinkage, your bank again is of prime importance to you. Along with your lawyer, who prepares your will and advises on legal matters, and your insurance agent, who arranges the insurance side of your estate, is the bank's trust officer. He is the one who can best arrange the business side of your estate planning. And, if you so choose, the bank is authorized to administer your affairs according to your wishes. In selecting the bank for this, you are picking an executor and trustee with wide experience and with responsibility that is fixed by law.

Underwood and Underwood



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